

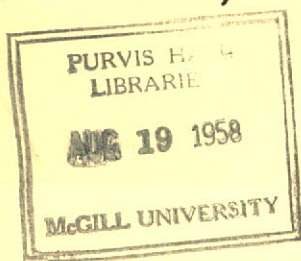
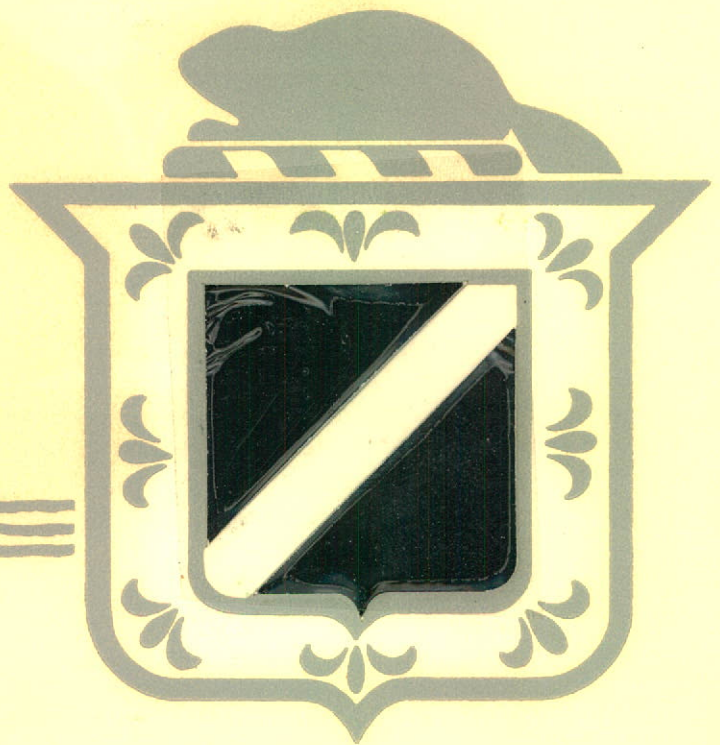
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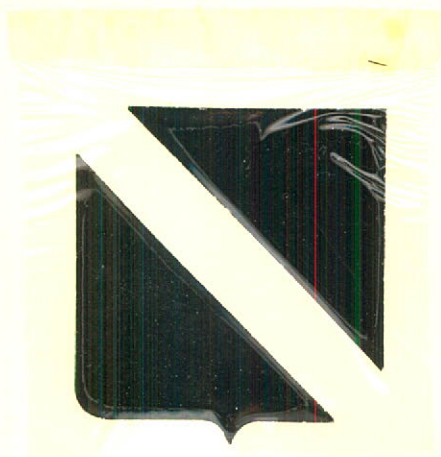
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T.G. Bright & Co., Limited
and Subsidiary Companies

ANNUAL REPORT
FOR THE YEAR ENDED
MARCH THIRTY-FIRST

1958





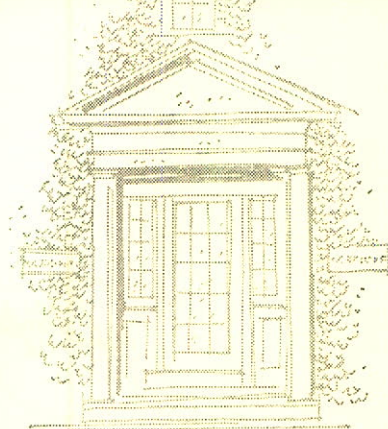
Pres-- T.C. Bright & Co. -- Aug. 19 '58

Highlights of the Report

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
Sales	\$4,759,665	\$4,355,123
Profit	436,588	370,811
Profit per Dollar of Sales	9.2%	8.5%
Cash dividends paid at the rate of 5% per annum per share of Preference Stock	1.15	1.15
Profit per Share of Common Stock	3.45	2.62
Cash dividends paid on Common Stock per share	1.00	—
Company's contributions to employees' insurance and pension plans	66,574	56,166
Total payroll and benefits	1,172,622	1,072,469
Current assets	3,088,713	2,934,338
Current liabilities	1,025,810	848,861
Working capital	2,062,903	2,085,477
Ratio of current assets to current liabilities	3.0 to 1	3.5 to 1
Shareholders' Equity	\$3,824,961	\$3,870,154



Report of Directors



To the shareholders, employees and friends of T. G. Bright & Co., Limited for the fiscal year ended March 31, 1958.

We have had another successful year and are, also, very pleased to report that after a lapse of six years, payment of common share dividends was resumed in June, 1957 at the interim rate of 25¢ per share. Four such dividends were paid in the period ended March 31, 1958.

The consolidated net profit was \$436,588 and after payment of dividends on preference shares, earnings per common share amounted to \$3.45, an increase of 83¢ per share over the fiscal period ended March 31, 1957.

Gallonage sales were the highest in the history of the Company and our percentage of the market was also higher.

Net dollar sales increased by \$404,542 and sales of our "74" and President brands accounted for approximately half of the increase. Two of the President brands were sold out before new releases from inventory were available.

Higher costs and expenses have been more than offset by the increase and as a result, we were able to maintain selling prices at the same level as in the previous fiscal period.

The Financial Position

Due chiefly to the light grape crop in 1957, we were unable to obtain all the grapes we required and our wine inventories are therefore about 8% lower than they were at March 31, 1957. The value of inventories is, however, \$79,544 higher as a result of price advances in raw materials.

Bank loans at \$475,077 are \$91,799 higher, but 14,530 preference shares were purchased and cancelled.

Working capital decreased \$22,574 and the following table summarizes the changes in working capital:

DEDUCTIONS FROM WORKING CAPITAL:

Additions to fixed assets	\$217,525		
LESS: Mortgage payable	30,000	\$187,525	
Dividends paid on preference stock		91,202	
Dividends paid on common stock		100,000	
Preference shares purchased and cancelled	\$334,190		
LESS: The amount of surplus realized on the purchase	43,611	290,579	\$669,306

ADDITIONS TO WORKING CAPITAL:

Net profit for the year	\$436,588		
Provision for depreciation (which does not involve a current disbursement of funds)		155,622	
Decrease in deferred charges and licenses		54,522	\$646,732
Net decrease in working capital			\$ 22,574

Disposition of Gross Income

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
Wine	\$2,300,000	\$2,094,000
Expenses	1,548,000	1,475,000
Income Taxes	475,000	415,000
Net Profit	437,000	371,000
Net Sales	4,760,000	4,355,000
Excise and Sales Taxes	1,521,000	1,401,000
Gross Income	<u>\$6,281,000</u>	<u>\$5,756,000</u>

Fixed Assets

Investment in property, plant and equipment is summarized below:

	<u>MARCH 31, 1958</u>			<u>MARCH 31, 1957</u>
	<u>ADDITIONS</u>	<u>INVESTMENT GROSS</u>	<u>NET</u>	<u>NET INVESTMENT</u>
Land and buildings	\$ 39,438	\$ 983,421	\$ 518,661	\$ 514,728
Storage tanks, machinery and equipment	30,419	1,127,712	312,286	316,251
Retail property and equipment	43,876	320,762	287,141	263,232
Autos and trucks	76,115	251,870	123,901	89,642
Farm property and equipment	27,677	593,657	255,885	252,118
	<u>\$ 217,525</u>	<u>\$3,277,422</u>	<u>\$1,497,874</u>	<u>\$1,435,971</u>

The additions consisted principally of replacements of trucks and automobiles and improvements to two retail stores. We also acquired twelve acres of land bordering on our property in Stamford Township.

Provision for depreciation has been made on the same basis as last year. This provision is considered adequate and is the maximum allowable under income tax regulations.

New Products

For many years, we have been telling you of our investment in research and of the great importance to our business of a vigorous and continual research programme.

This year we can report on the successful outcome of one project that began twelve years ago, and on another that was started in 1949.

In 1946 we planted 200 vines of the famous Pinot grapes from the Champagne district of France and as a result of our researches, we later decided to expand plantings to slightly in excess of ten acres. This was a far from ordinary venture for never before to our knowledge had the pure European vinifera been successfully cultivated on a commercial scale on the Eastern part of the North American continent. Thanks to our research, the vines are thriving and over the past few years we have harvested small quantities of these true vinifera grapes.

Sometime in 1958, we will have about 300 bottles of Champagne to offer to discriminating purchasers—the first Champagne ever made in Canada from this world famous grape.

Supply will expand from 1959 onward, but until the ten acres come into full bearing, annual releases will be limited.

In 1949 we brought to Canada from the Province of Burgundy in France, 88 vines of a red grape known as Maréchal Foch. This grape is a hybrid but has all the good wine-making qualities of its parent. Hardy and adaptable to our climate, it is a very valuable find indeed. In 1958 we will make an offering of approximately 1,200 cases of an excellent Canadian Burgundy and thereafter expect to provide a steadily increasing supply.

The demand for our Solera Sherry, first offered in 1953, has been most encouraging and in 1958 we will introduce a Cream Sherry produced by the same system of aging under the flor.

In the past few years, there has been a growing demand in Canada for a sparkling rosé wine and we therefore decided to develop a wine for this market. During the fiscal year under review, we introduced a sparkling rosé under our old brand name Du Barry. This wine is made by a special process from four varieties of grapes grown in our own vineyards and in vineyards under contract to us. Du Barry Sparkling Vin Rosé has been on the market for six months and we are very pleased with its acceptance.

Employees

Satisfactory relations with the unions and all employees have been enjoyed throughout the year.

Provisions this year, for employee pensions and other welfare benefits amounted to \$66,574. Since the inception of the plan on January 1, 1939, contributions by the Company have been \$553,013 and by employees \$452,871.

Our welfare plans still are among the most progressive and comprehensive plans in effect in Canada at the present time.

Changes

In April 1957, Mr. Thomas H. Gibbons considered it advisable to tender his resignation from the Board of Directors as he had taken up permanent residence in the United States. Mr. Gibbons had been a Director since 1933 and his advice and counsel were greatly appreciated. His resignation was regretfully accepted, but we are glad to say he still takes a personal interest in the business.

Mr. Harry J. Carmichael, C.M.G., was elected to fill the vacancy on the Board. He brings with him a wealth of knowledge and experience in business affairs.

The Future

We will continue our research for better viticultural practices and for new grapes. We will also intensify our search for new markets.

Cost of sales and expenses will be much higher than in the past year, but we are hopeful that by expanding our advertising and merchandising plans, we shall again increase gallonage and dollar sales to produce for our shareholders and employees another profitable year.

Appreciation

We are pleased to express our sincere thanks for the loyalty of all our employees and shareholders who contributed to the success of the past year.

On behalf of the Board of Directors.

E. H. Thomas
President.

T.G. Bright & Co., Limited

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	MARCH 31	
	1958	1957
Cash.....	\$ 46,486	\$ 45,600
Accounts receivable.....	488,890	414,945
Inventories of wine in storage, cased goods and raw materials, valued at the lower of cost or market.....	2,553,337	2,473,793
Total Current Assets.....	<u>3,088,713</u>	<u>2,934,338</u>
LESS:		
Bank loan.....	475,077	383,278
Accounts payable and accrued liabilities.....	207,539	133,189
Accrued federal, provincial and local taxes.....	343,194	332,394
Total Current Liabilities.....	<u>1,025,810</u>	<u>848,861</u>
Working Capital.....	2,062,903	2,085,477
Deferred charges.....	142,184	124,706
Licenses—less amounts written off.....	152,000	224,000
Fixed assets, less depreciation 1958 — \$1,779,548; 1957 — \$1,685,782 (NOTE I)	1,497,874	1,435,971
	<u>3,854,961</u>	<u>3,870,154</u>
DEDUCT:		
Mortgage payable.....	30,000	—
Excess of Assets over Liabilities.....	<u>\$3,824,961</u>	<u>\$3,870,154</u>
DERIVED FROM:		
Capital stock—		
5% Cumulative redeemable preference shares of a par value of \$23 each, redeemable at par:		
76,255 shares (authorized and issued) (NOTE II)	\$1,753,865	\$2,088,055
Common stock without nominal or par value:		
100,000 shares (authorized 500,000 shares).....	500,000	500,000
Retained earnings—per statement attached.....	1,492,703	1,247,317
Contributed surplus—surplus realized on purchase for cancel- lation of preference shares (NOTE II)	78,393	34,782
	<u>\$3,824,961</u>	<u>\$3,870,154</u>

Approved on behalf of the Board:

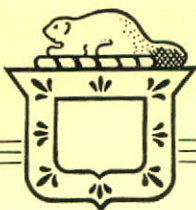
E. A. THOMAS, Director

M. F. JONES, Director

NOTE I —The Fixed Assets are stated at depreciated values as reported by Canadian Appraisal Company Limited in 1933 plus subsequent additions at cost.

NOTE II —The Company purchased and cancelled 14,530 preference shares during the year on which a surplus of \$43,611 was realized. This amount has been added to contributed surplus.

NOTE III—Contractual obligations: Annual rentals under long term leases \$54,570.



CONSOLIDATED STATEMENT PROFIT AND LOSS AND RETAINED EARNINGS

	YEAR ENDED MARCH 31	
	1958	1957
Net sales	\$4,759,665	\$4,355,123
DEDUCT:		
Cost of goods sold	2,300,208	2,093,722
Selling, general and administrative expenses	1,114,552	1,070,060
Company's contribution to employees' insurance and pension plans	66,574	56,166
Remuneration of executive officers and directors (including remuneration of directors as such, 1958—\$9,700; 1957—\$4,060)	110,780	91,320
Interest	28,541	29,830
Amount written off licenses	72,000	80,594
Provision for depreciation	155,622	147,620
Provision for income taxes	474,800	415,000
	<u>4,323,077</u>	<u>3,984,312</u>
Net profit for the year	436,588	370,811
Retained earnings at beginning of year	1,247,317	985,417
	<u>1,683,905</u>	<u>1,356,228</u>
DEDUCT:		
Dividends—5% preference stock	91,202	108,911
—Common stock (\$1.00 per share)	100,000	—
Retained earnings at end of year	<u>\$1,492,703</u>	<u>\$1,247,317</u>

AUDITORS' REPORT

To the Shareholders of T. G. BRIGHT & CO., LIMITED:

We have examined the consolidated statement of financial position of T. G. Bright & Co., Limited and subsidiary companies at March 31, 1958 and the related consolidated statement of profit and loss 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.

In our opinion such financial statements present fairly the financial position of T. G. Bright & Co., Limited and subsidiary companies at March 31, 1958 and the results of their operations for the year ended on that date.

PRICE WATERHOUSE & CO., Chartered Accountants

Toronto, April 23, 1958.

Five Year Record

OPERATIONS	1958	1957	1956	1955	1954
Gross Income	\$6,280,899	\$5,755,918	\$5,166,926	\$4,889,722	\$4,517,893
Excise and sales taxes	1,521,234	1,400,795	1,269,039	1,194,704	1,125,714
Net Sales	4,759,665	4,355,123	3,897,887	3,695,018	3,392,179
Cost of goods sold	2,300,208	2,093,722	1,894,823	1,845,877	1,710,231
Selling and other expenses	1,392,447	1,327,970	1,214,888	1,111,672	1,020,382
Provision for depreciation	155,622	147,620	142,683	153,622	138,902
Profit before income taxes	911,388	785,811	645,493	583,847	522,664
Provision for income taxes	474,800	415,000	370,400	322,200	279,824
Net profit	436,588	370,811	275,093	261,647	242,840
Profit per dollar of net sales	9.2%	8.5%	7.1%	7.1%	7.2%
Distribution of net profit					
Preferred dividends	\$ 91,202	\$ 108,911	\$ 115,000	\$ 115,000	\$ 115,000
Common dividends	100,000	—	—	—	—
Retained in business	245,386	261,900	160,093	146,647	127,840
Net profit per share of common stock	\$ 3.45	\$ 2.62	\$ 1.60	\$ 1.47	\$ 1.28
FINANCIAL STATUS					
Current assets	\$3,088,713	\$2,934,338	\$2,978,213	\$2,746,442	\$2,585,181
Current liabilities	1,025,810	848,861	874,305	844,670	863,793
Working capital	2,062,903	2,085,477	2,103,908	1,901,772	1,721,388
Property, plant and equipment (net)	1,467,874	1,435,971	1,424,721	1,330,198	1,271,226
Other assets	294,184	348,706	256,788	393,354	486,063
Shareholders' equity	3,824,961	3,870,154	3,785,417	3,625,324	3,478,677
Total assets	\$4,850,771	\$4,719,015	\$4,659,722	\$4,469,994	\$4,342,470
Ratio current assets to current liabilities	3.0 to 1	3.5 to 1	3.4 to 1	3.3 to 1	3.0 to 1
EMPLOYEES					
Number of employees at year end	236	238	222	218	217
Total payroll and benefits	\$1,172,622	\$1,072,469	\$ 995,417	\$ 940,194	\$ 865,039
Investment per employee	\$ 20,554	\$ 19,828	\$ 20,990	\$ 20,505	\$ 20,011

T.G. Bright & Co., Limited

and Subsidiary Companies

DIRECTORS

Harry J. Carmichael, C.M.G.....St. Catharines, Ontario
H. Clifford Hatch.....Walkerville, Ontario
W. Douglas Hatch.....St. Catharines, Ontario
Meredith F. Jones.....Niagara Falls, Ontario
Leigh M. McCarthy.....Toronto, Ontario
Victor Mollison.....Niagara Falls, Ontario
Earl A. Thomas.....Niagara Falls, Ontario

OFFICERS

Earl A. Thomas.....President
Meredith F. Jones.....Vice-President in Charge of Sales
Victor Mollison.....Vice-President in Charge of Production
W. Douglas Hatch.....Secretary
Earl K. Raham.....Treasurer and Assistant Secretary

RESEARCH

Adhemar F. de Chaunac.....Director

LEGAL COUNSEL

McMillan, Binch, Stuart, Berry, Dunn,
Corrigan & Howland.....Toronto, Ontario

AUDITORS

Price Waterhouse & Co.....Toronto, Ontario

STOCK TRANSFER AGENTS

Chartered Trust Company.....Toronto, Ontario

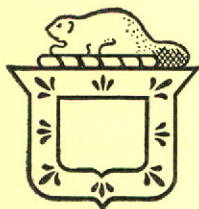
OFFICES

Head Office and Wine Cellars.....Dorchester Road,
Niagara Falls, Ontario
Branch Plant and Wine Cellars.....Lachine, Quebec

RETAIL BRANCHES

Toronto (4)	Hamilton (2)	Sudbury	Windsor
Ottawa	London	Kitchener	Cornwall
	Niagara Falls	Peterborough	

Stock Listed: Toronto Stock Exchange and Canadian Stock Exchange



Bright's fine Canadian Wines



PRESIDENT
SHERRY
PORT
RED AND WHITE TABLE WINES
VIN APÉRITIF
CHAMPAGNE
(BOTTLE FERMENTED)
SPARKLING BURGUNDY
(BOTTLE FERMENTED)
MUSCATEL

PINOT CHAMPAGNE
(BOTTLE FERMENTED)

MANOR ST. DAVIDS
RED TABLE WINE
WHITE TABLE WINE

VERMOUTH
DRY AND SWEET

"74"
SHERRY
PORT

WINE COCKTAIL

DRY SHERRY
ANGELICA

BLACK CHERRY WINE
WINETTE

CREAM SHERRY
SOLERA SHERRY

DU BARRY VIN ROSÉ

HERMIT
SHERRY
PORT

SACRAMENTAL WINE

NAPOLEON
SHERRY
PORT

CATAWBA SHERRY

ST. GEORGES VIN ROUGE
ST. GEORGES VIN BLANC

CONCORD PORT