

T. G. BRIGHT & CO.,
LIMITED

AND SUBSIDIARY COMPANIES



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*Financial Statements for year ended
March 31st, 1942*

Report of the Directors to the Shareholders of T. G. BRIGHT & CO., LIMITED for the year ended March 31st, 1942

The operations of your Company, during its second full year under the stress of war, have been maintained at a satisfactory level. Although our sales have decreased slightly this year as compared with last, economy in operations has resulted in a \$25,195.40 increase in the net profit before provision for Income Tax. The increase in the latter provision results in a final net profit of \$120,191.91 this year as compared with \$133,846.51 last year.

As you know, all costs of labour and material are enhanced as compared with pre-war levels and I should point out that the effect of many of these increases which enter into the inventory have not yet been fully reflected in your Company's operations, but will become evident as time goes on. In the case of sugar, to which I referred in my report of last year, we have calculated that the possible loss in inventories, due to the abnormally high price now being paid, is \$209,000.00 as at March 31st, 1942, for which a reserve of approximately 30% has been provided in the last two years.

Taxes are necessarily a large item in the Statement of a Company. In our case not only have we provided the sum of \$167,550.00, about 60% of our net profit, for Income & Excess Profits Taxes, but we have also paid approximately \$800,000.00 in the form of other direct and indirect taxes during the year. At the beginning of this financial year, the Taxes on our product were more than doubled and the increase is, without question, largely responsible for the decline in sales not only of your company but throughout the entire industry.

The Balance Sheet shows that our financial position is sound, working capital is up by some \$28,000 although liquid assets are \$30,000 less than last year and current liabilities \$255,000 more including additional bank loans of \$70,000. Inventories have increased by \$313,000.00 chiefly accounted for by the increase in cost of sugar and grapes.

You will appreciate that many difficulties now beset all industries and these will no doubt increase as the war progresses and may even extend into the period of reconstruction afterwards. Your Company is not excepted. Among other important items, I should mention that it is increasingly difficult to obtain an adequate supply of bottling supplies and the shortage is rapidly becoming acute.

However, in co-operation with the Glass Controller, members of the wine industry have made considerable progress toward acceptance of a standard glass container for the whole industry, the adoption of which it is felt will largely extend the raw supplies now available to the glass companies.

With the assistance of the Used Goods Controller a more intensive effort is being made toward the collection of used bottles, and this also should do much to avert any drastic shortage.

Other restrictions and uncertainties may develop which will have an adverse effect on the Company's operations. For these reasons and taking into account the remarks I have made earlier in this report, your Directors have considered it wise and in the best interests of the Company to discontinue the payment of dividends on the Common Stock for the time being.

I am glad to avail myself of this opportunity of again thanking the management and employees for the loyal and efficient manner in which they have discharged their duties during the year; duties which have been heightened by war conditions and the necessary demands of the Government. As a tangible appreciation of their efforts, your Company again contributed towards the cost of the employees' Group Life Insurance and Annuity Plan. The cost this year amounted to \$9,500, which included payments made on behalf of the employees who are serving in the armed forces. Purchase of War Saving Certificates by the employees continues in substantial volume and the Company co-operated with the Government in the Second Victory Loan campaign by assisting its employees in the financing of their purchases of bonds in addition to its own subscriptions.

You may rest assured that your Directors will continue to exert their best efforts towards maintaining the Company's operations at as high a level as possible and in conserving its sound financial position at all times in the interests of the shareholders.

All of which is respectfully submitted.

H. C. HATCH,
President.

Stamford Township,
June 9th, 1942.

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand and in banks..... \$ 24,729.79

Marketable securities (quoted market value
March 31, 1942—\$59,270.00. Bonds pledged
against bank loan of \$45,000.00)..... 64,703.23

Accounts receivable—

Trade..... \$250,836.09

Sundry..... 22,797.88

Advances for travelling expenses 1,682.32

275,316.29

Inventories of wine in storage, cased goods, raw
materials and supplies at the lower of cost or
market values, less reserve—as determined
and certified to by responsible officers of the
company.....

1,253,541.36

\$1,618,290.67

FIXED ASSETS:

At depreciated values as reported by the Canadian Appraisal
Company Limited under date of August 16, 1933, plus
subsequent additions at cost:

Particulars	As at March 31, 1941	Net additions during the year	As at March 31, 1942
Land.....	\$ 97,421.50	*\$ 4,200.00	\$ 93,221.50
Buildings.....	307,018.88	18,101.41	325,120.29
Storage tanks.....	164,624.27	207.40	164,831.67
Machinery and equipment.....	310,686.87	13,002.94	323,689.81
Farm properties.....	282,599.83	14,231.69	296,831.52
Automobiles and trucks.....	47,621.83	16,037.55	63,659.38

\$1,209,973.18 \$57,380.99 \$1,267,354.17

Less—Reserve for

depreciation 347,135.03 75,489.72 422,624.75

\$862,838.15 *\$18,108.73

844,729.42

GOODWILL, ETC.....

1.00

DEFERRED CHARGES:

Building improvements and alterations to store
premises, less amounts written off..... \$ 36,603.99

Prepaid vintage expense..... 36,830.10

Prepaid insurance premiums..... 29,225.73

Prepaid taxes..... 28,626.54

Sundry deferred items..... 14,498.10

*Deductions

145,784.46

\$2,608,805.55

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

We have made an examination of the consolidated balance sheet of T. G. Bright & Co. Limited and of the consolidated statement of profit and loss and earned surplus for the year ended on June 30, 1942, and of the accounting records and other supporting evidence; we also made a general review of the detailed transactions. All our requirements as auditors have been indicated, the attached consolidated balance sheet and related consolidated statement of profit and loss exhibit a true and correct view of the state of the affairs of T. G. Bright & Co. Limited and its operations for the year ended on that date, according to the best of our information.

Toronto, June 10, 1942.

RY COMPANIES

March 31st, 1942

LIABILITIES

CURRENT LIABILITIES:

Bank advances.....	\$ 225,000.00
Sales, excise and property taxes accrued.....	65,392.50
Accounts payable and accrued liabilities.....	165,257.65
Reserve for Dominion income and excess profits taxes.....	167,550.00
	<u>\$ 623,200.15</u>

MORTGAGES PAYABLE

60,916.82

RESERVE FOR CONTINGENCIES.

145.314.59

CAPITAL STOCK AND SURPLUS:

Six per cent. cumulative redeemable preference shares (redeemable at par on any dividend date on 15 days' notice):

Authorized—

27,553 shares of \$100.00	
each.....	\$2,755,300.00

Issued—

7,454 shares as at April 1,	
1941.....	\$ 745,400.00

Less—

45 shares redeemed during the year.....	4,500.00
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7,409

\$ 740,900.00

Common shares without nominal or par value:

Authorized—

300,000 shares.

Issued—

100,000 shares.....	500,000.00
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Earned surplus, per statement attached	538,473.99
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1,779,373.99

\$2,608,805.55

G. Bright & Co. Limited and its subsidiary companies as at March 31, 1942, the year ending on that date. In connection therewith we examined or tested review of the operating and income accounts for the year and a comprehensive compliance with, and we report that, in our opinion, based upon the examination statement of profit and loss and earned surplus are properly drawn up so as to G. Bright & Co. Limited and subsidiary companies as at March 31, 1942, and the results of operation and the explanations given to us and as shown by the books of the companies.

PRICE, WATERHOUSE & CO., Auditors.

T. G. BRIGHT & CO., LIMITED

AND SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss and Earned Surplus for the year ending March 31st, 1942

PARTICULARS	AMOUNT
Combined profit from operations, after charging all manufacturing, selling and administrative expenses, but before providing for depreciation and income and excess profits taxes.....	\$423,493.24
DEDUCT:	
Provision for depreciation.....	\$85,131.65
Add—Farm depreciation deferred as at March 31, 1941	8,640.17
	\$93,771.82
Deduct — Farm depreciation deferred as at March 31, 1942.....	8,020.49
	\$ 85,751.33
Provision against future depreciation in inventory values.....	50,000.00
Provision for income and excess profits taxes.....	167,550.00
	303,301.33
<i>Net profit for the year</i>	\$120,191.91
Earned surplus as at April 1, 1941.....	492,751.08
	\$612,942.99
DEDUCT:	
Dividends on cumulative preference shares at the rate of 6 per cent. per annum....	\$ 44,469.00
Dividends on no par value common shares, being 30 cents per share for the period.....	30,000.00
	74,469.00
<i>Earned Surplus as at March 31, 1942</i>	\$538,473.99

DIRECTORS

H. C. HATCH, Toronto
President

E. A. THOMAS, Niagara Falls
Vice-President

T. H. GIBBONS, Walkerville

LEIGH MCCARTHY, Toronto

HON. ELIE BEAUREGARD, K.C., Montreal

V. MOLLISON, Niagara Falls
Secretary

M. F. JONES, Niagara Falls
Treasurer