

T. G. BRIGHT & CO.,
LIMITED

AND SUBSIDIARY COMPANIES



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*Financial Statements for year ended
March 31st, 1944*

Report of the Directors to the Shareholders of T. G. BRIGHT & CO., LIMITED for the year ended March 31st, 1944

I am glad once again to present a generally favourable report for your consideration. We have come through a difficult twelve months very well indeed. As I mentioned at our last meeting, sales of wine have been restricted by Dominion Order since November 1, 1942, to 80% of the quantity sold in the basic period, November 1, 1941, to October 31, 1942. This report then covers the first full twelve months of operation under the restricting order whereas our last report covered a period that was affected only during the last five months. Profits before income taxes are up approximately 10%, due chiefly to the still increasing demand for our better wines and a very considerable reduction in expenses. We continued our policy of conservative valuation of assets and have this year increased our provision against possible depreciation in values of inventories. Provision for income and excess profits taxes is considerably in excess of last year and net profits approximately \$12,000.00 less. Turning to the balance sheet we find that our financial position is somewhat better, all mortgages have been paid and working capital is up by about \$92,000.00. Refundable portion of excess profits taxes now stands at \$47,800.00, an increase of \$31,800.00 over last year. Increase in fixed assets account is chiefly for a small addition to our cellars at Niagara Falls and for farm equipment. There was no increase in farm acreage, we have as a matter of fact pulled out a few old vineyards which will later be planted with the special varieties of grapes necessary for our fine wines. This is a policy which will gradually be extended and possibly accelerated.

I should like to comment further on rationing. It is often stated by those opposed to our industry that rationing was necessary because of the tremendous increase in sale of Canadian wines. Comparative figures are published and the basis for comparison is generally the year in which the per capita income of Canadians was at its lowest for many years. It is true sales of Canadian wines have increased, very considerably so, and may I say greatly to the advantage of the Canadian grape growers, but the increase has been obtained at the expense of imported wines so that in the interest of truth the whole story should be given. This is of course a free country and we are all entitled within the law to stress our own particular point of view, but just as a matter of record the following figures on wine sales might be of interest to moderate opinion. They are taken from the Department of Trade & Commerce publication "The Control & Sale of Liquor in Canada," the measure is Imperial Gallons:

1930	5,061,162	1940	4,012,917
1931	4,441,175	1941	4,812,614
1932	4,215,071	1942	4,167,243
Average	4,572,469	Average	4,330,924

An average decrease of rather more than 5%, but when consumption is considered on a per capita basis the decline is even more startling. The population figures are those published for the census of 1931 and 1941.

	1930-1932	1940-1942
Average total consumption	4,572,469	4,330,924
Population	10,376,786	11,506,655
Average per capita44	.38

a decline of 14% in per capita consumption. I am sure that I voice the opinion of every shareholder when I say we have no objection to any restriction that will aid the war effort but we do not agree that our social habits should be regulated for ever and ever by a bombastic and immoderate few.

The effect of rationing on the grape growers has not yet been too badly felt, last year due almost to the entire failure of other fruit crops there was a big demand for grapes and considerable purchases were also made for illicit purposes. Should the crop this year be large, wineries will not be able to take the surplus unless some relief is given in production as well as sale.

Man power is still a pressing problem, particularly at the time of vintage, but I am glad to say Selective Service officials have dealt with us as fairly as the general situation would allow and there is no reason to believe that we will not receive the same treatment this year.

On your behalf I want to voice a special note of appreciation to the management and employees. Many of our people have been with us upwards of ten years and it is of course chiefly due to their loyalty and co-operation that we have been able to maintain such a satisfactory standard. Without their continued support things might have been very difficult indeed. As a measure of appreciation we have continued our policy of financing employees' purchases of Victory Loan Bonds and I am pleased to tell you that with this assistance employees' purchases of 5th and 6th Victory Loan Bonds very considerably exceeded the objective set for them by the National War Finance Committee. We also continued absorbing part of the cost of the Group Life and Annuity Plan both for those in our employ and employees on leave of absence with the armed services.

I sincerely hope that before our next annual meeting the armed forces of our country will by their skill and valour have overcome our enemies and that the return to peaceful ways may not be too far off. The construction period will have its difficulties too but I am sure that no other country has the promise of so bright a future as this land of ours. We shall be ready to do our part in providing worth while work for those who have striven so valiantly and so well.

All of which is respectfully submitted.

H. C. HATCH,
President.

Stamford Township,
June 6th, 1944.

T. G. BRIGHT & AND SUBSIDIAR

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS:

Cash on hand and in banks.....	\$ 18,570.99
Dominion of Canada bonds, at cost.....	100,000.00
(Market value—\$99,750.00)	

Accounts receivable—

Trade.....	\$255,046.89
Sundry.....	39,478.76
Advances for travelling expenses.....	853.13

295,378.78

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.....

1,151,688.06

\$1,565,637.83
47,800.00

REFUNDABLE PORTION OF EXCESS PROFITS TAX.....

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, 1943	Net additions during the year	As at March 31, 1944
Land.....	\$ 93,221.50		\$ 93,221.50
Buildings.....	326,799.31	\$ 16,294.97	343,094.28
Storage tanks.....	164,831.67	658.44	165,490.11
Machinery and equipment.....	328,832.94	*1,709.95	327,122.99
Farm properties.....	308,453.47	24,956.22	333,409.69
Automobiles and trucks.....	50,410.17	704.24	51,114.41
	\$1,272,549.06	\$ 40,903.92	\$1,313,452.98
Less—Reserve for depreciation.....	500,993.55	72,198.21	573,191.76
	\$771,555.51	\$*31,294.29	

740,261.22

GOODWILL, ETC.....

1.00

DEFERRED CHARGES:

Building improvements and alterations to store premises, less amounts written off.....	\$ 12,138.56
Prepaid vintage expense.....	51,569.49
Prepaid insurance premiums.....	27,074.01
Prepaid taxes.....	30,194.83
Sundry deferred items.....	15,146.64

136,123.53

\$2,489,823.58

*Deductions

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

We have made an examination of the consolidated balance sheet of T. G. Bright & Co. of profit and loss and earned surplus for the year ending on that date. In connection therewith, and we report that, in our opinion, based upon the examination indicated, the attached surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at the date of the balance sheet, and the results of operations for the year ended on that date, according to the best of our information and belief.

Toronto, June 8, 1944.

T. G. BRIGHT & CO., LIMITED

Y COMPANIES

March 31, 1944

LIABILITIES

CURRENT LIABILITIES:

Sales, excise and property taxes accrued.....	\$	71,941.92	
Accounts payable and accrued liabilities.....		79,219.49	
Reserve for income and excess profits taxes.....		\$288,400.00	
Less — Instalment payments on account.....		139,500.00	
		<u>148,900.00</u>	
			\$ 300,061.41
RESERVE FOR CONTINGENCIES.....			183,143.59

CAPITAL STOCK AND SURPLUS:

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

Authorized—
27,409 shares of \$100.00 each..... \$2,740,900.00

Issued—
7,409 shares of \$100.00 each..... \$ 740,900.00

Common shares without nominal or par value:

Authorized—
300,000 shares.

Issued—
100,000 shares..... 500,000.00

Refundable portion of excess profits tax, per contra..... 47,800.00

Earned surplus, per statement attached 717,918.58 2,006,618.58

\$2,489,823.58

., Limited and its subsidiary companies as at March 31, 1944, and of the consolidated statement therewith we examined or tested accounting records and other supporting evidence; we also test of the detailed transactions. All our requirements as auditors have been complied consolidated balance sheet and related consolidated statement of profit and loss and earned of T. G. Bright & Co., Limited and subsidiary companies as at March 31, 1944, and the 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 31, 1944

PARTICULARS	AMOUNT
Combined profit from operations, after charging all manufacturing, selling and administrative expenses, but before providing for depreciation, inventory reserve, and income and excess profits taxes.....	\$565,416.23
DEDUCT:	
Provision for depreciation.....	\$84,087.53
Add—Farm depreciation deferred as at March 31, 1943	8,166.31
	<u>\$92,253.84</u>
Deduct — Farm depreciation deferred as at March 31, 1944.....	10,121.33
	<u>\$ 82,132.51</u>
Provision against future depreciation in inventory values.....	68,672.84
Provision for income and excess profits taxes.....	289,043.39
	<u>439,848.74</u>
<i>Net profit for the year</i>	<u>\$125,567.49</u>
Earned surplus as at April 1, 1943.....	632,076.57
	<u>\$757,644.06</u>
DEDUCT—Dividends on cumulative preference shares at the rate of 6 per cent. per annum.....	44,454.00
	<u>\$713,190.06</u>
ADD—Profit from sale of investments.....	4,728.52
<i>Earned Surplus as at March 31, 1944</i>	<u><u>\$717,918.58</u></u>

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