

JAN 12 1943

FIFTEENTH
ANNUAL REPORT
AND
BALANCE SHEET

As at 26th March, 1942

CANADA PACKERS LIMITED

TORONTO, CANADA



ACC. No.

CLASS MK.

PUB.

DATE REC'D

JAN 12 1943

AGENT

INVOICE DATE

FUND

NOTIFY
SEND TO

PRESENTED

Lib.
McGill Univ. - ~~Principal's~~
Office.

EXCHANGE

BINDING

MATERIAL

BINDER

INVOICE DATE

COST

McGILL UNIVERSITY LIBRARY

ROUTINE SLIP

CANADA PACKERS LIMITED

TORONTO, CANADA


26th August 1942

Dear Sir :

The Annual Statement and Report of Directors of Canada Packers Limited is being mailed to Shareholders to-day. The Report includes a review of the present Live Stock position in Canada, and as Live Stock is one of Canada's most important Industries I have thought you might be interested in reading it.

A copy is therefore enclosed herewith.

Yours truly,



J. S. McLean,
President,
CANADA PACKERS LIMITED

JSM:M

Encl :

2001 10 10

0110

0110



of the ...

...

...

...

...

CANADA PACKERS LIMITED

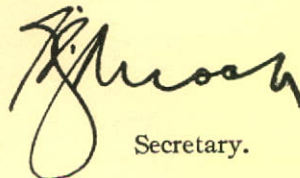
Notice to Shareholders
of the Annual General Meeting

You are hereby notified that the Annual Meeting of the Shareholders of Canada Packers Limited will be held at the Head Office of the Company, Union Stock Yards, City of Toronto, on Friday, the 11th day of September, 1942, at ten o'clock in the forenoon, for the purpose of the submission of reports, election of Directors, and such other business as may come before the Meeting.

The said Meeting is also called as a Special General Meeting of Shareholders for the purpose of considering and, if deemed advisable, approving, sanctioning, ratifying and confirming By-law Number 40, passed by the Directors on the 21st day of August, 1942, providing for a decrease in the number of Directors from fifteen to thirteen.

If you are not able to be present, will you please sign and return the enclosed proxy in the stamped envelope provided.

DATED the 26th day of August, 1942.


Secretary.

OFFICERS

President – J. S. McLEAN

Vice-President – W. T. HARRIS

*Vice-President
and
Secretary-Treasurer*
S. G. BROCK

*Vice-President
and
General Manager*
N. J. McLEAN

Assistant Secretary – C. WADGE

DIRECTORS

G. J. P. AYERS

S. G. BROCK

W. S. CAMERON

W. R. CARROLL

W. T. HARRIS

J. P. LABERGE

A. L. LAING

H. M. MURRAY

R. N. McKECHNIE

J. S. McLEAN

N. J. McLEAN

C. C. POLKINGHORNE

G. A. SCHELL

C. WADGE

F. A. WIGGINS

FOREWORD

In this Report, at various stages, four time periods are used:—

1. CALENDAR YEAR

2. FISCAL YEAR —of the Company; 52 weeks.

Ending last Thursday in March.

Designated by year of close.

e.g. Year under review is Fiscal Year 1942.

3. CROP YEAR —or Production Year.

Beginning month of flush production.

e.g. Flush production of Hogs begins in September.

Therefore, the *Hog Crop Year* is from September to following August.

Designated also by year of close.

Hog Crop Year 1942—is year from September, 1941, to August, 1942.

4. WAR YEAR —The war began September, 1939.

First War Year—September, 1939, to August, 1940.

Second War Year—September, 1940, to August, 1941.

Third War Year—September, 1941, to August, 1942.

NOTE—'War Year' is therefore co-terminous with 'Hog Crop Year.'

CANADA PACKERS LIMITED

REPORT TO SHAREHOLDERS

The fifteenth year of Canada Packers Limited closed March 26th, 1942.

It was the second fiscal year which lay completely within the war period.

Throughout the year, both volume, and the nature of operations were determined almost wholly by war conditions.

Volume reached a new record level,—viz. 1,228,029,942 lbs.
Average per week 23.6 million lbs.

Previous high:—fiscal year 1941 1,091,263,352 lbs.

Increase 12.5%

Dollar sales reached (relatively) a still higher new level. They were \$144,509,292.41
Average per week \$2,780,000.00.

Previous high:—fiscal year 1941 \$110,291,839.97

Increase 31.8%

The higher percentage increase in dollar sales,— 31.8%
as compared with the increase in pounds sold,— 12.5%,
reflects the substantial advance in prices which occurred within the year.

This advance would have been greater, had it not been checked in December, 1941, by the imposition of price ceilings.

The heavy increase in volume was due almost entirely to war demand (military camps at home plus shipments abroad). Civilian consumption, especially of pork product, was curtailed in order that more might be available for Great Britain.

Net Profit, (after Bond Interest, Depreciation and Taxes), was \$1,611,464.91

Equivalent,

On Sales \$144,509,000, to 1.1%
 On Tonnage 1,228,000,000 lbs., to 13.1c per 100 lbs.

The regular dividend of \$4.00 per share (\$1.00 quarterly) was paid throughout the year.

.....

The impact of war conditions upon the Company's operations is further indicated by the following tables abstracted from the Statements of the last four fiscal years. The earliest of these years (ended March, 1939) was the last complete pre-war year.

TABLE 1

<u>Fiscal Year</u>	<u>Tonnage</u>	<u>Sales</u>	<u>Profit</u>	<u>% of Sales</u>	<u>Profit per 100 lbs.</u>
1939	800,763,592	\$ 77,225,732	\$1,238,736	1.6%	15.5c
1940	913,251,116	88,205,639	1,667,809	1.9%	18.2c
1941	1,091,263,352	110,291,839	1,555,028	1.4%	14.4c
1942	1,228,029,942	144,490,489	1,611,465	1.1%	13.1c

In other words:—in the third War Year, as compared to the last pre-war year:—

Tonnage increased from 800,000,000 lbs. to 1,228,000,000 lbs. — 53%
 Sales increased from \$77,000,000 to \$144,000,000 — 87%
 Sale price-per-pound of product increased from 9.6c per lb. to 11.7c per lb. — 22%

Table 2 is a selection of the main data from the Balance Sheets of the same four years.

TABLE 2

	Fiscal Year ended March			
	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>
(000 omitted)				
<u>ASSETS</u>				
Accounts Receivable	\$ 3,423	\$ 5,340	\$ 7,131	\$10,279
Inventories	7,682	10,947	10,384	16,339
Total Current Assets	12,116	17,359	18,598	28,101
Fixed Assets	21,636	21,818	21,745	22,594
<u>LIABILITIES</u>				
Loans from Banks	\$ 3,780	\$ 7,155	\$ 7,027	\$14,167
Total Current Liabilities	5,436	9,981	10,847	20,216
Working Capital (Current Assets less Current Liabilities)	\$ 6,680	\$ 7,378	\$ 7,751	\$ 7,885

In this case the comparison between the last pre-war year (Fiscal 1939) and the year under review (Fiscal 1942) is a very striking one—

Accounts Receivable have advanced
 from

\$3,423,000 to \$10,279,000

Inventories from

7,682,000 to 16,339,000

Bank Loans from

3,780,000 to 14,167,000

The heavy increase in Bank Loans is the 'reflex' of the increased receivables plus inventories. This increase is due chiefly to sales to the Dominion Government for war consumption. As at March 26th, 1942, the value of meats in process for, plus sums due from, the Dominion Government totalled \$6,018,929.32. To this there is no corresponding item in the Balance Sheet of 1939.

On Page 17 of this Report appears the Profit and Loss Statement for the year. The chief items are analyzed as percentages of Total Sales.

This analysis of the 'Sales Dollar' tells the story of the business in 'skeleton' form, and a comparison of the analysis for the last four years reveals, from another angle, the impact of the war upon the operations of the Company.

TABLE 3

ANALYSIS OF PROFIT & LOSS—4 YEARS ENDED MARCH

	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>
Sales	\$77,225,732	\$88,205,639	\$110,291,839	\$144,509,292
Cost of products, chiefly Live Stock	80.5%	79.1%	80.7%	81.4%
Cost of materials and packages	2.6	2.8	3.0	3.0
Wages and salaries	8.9	8.8	8.1	7.3
General Expenses	4.4	4.3	4.1	3.8
Wartime Inventory Reserve	—	.7	.3	.9
Depreciation	1.1	1.0	.8	.6
Bond Interest .....	.2	.1	.1	—
Total cost of product, plus expenses	<u>97.7</u>	<u>96.8</u>	<u>97.1</u>	<u>97.0</u>
Written-off Investments	—	—	.1	—
Profit before taxes	2.3	3.2	2.8	3.0
Taxes .....	.7	1.3	1.4	1.9
Net Profit	<u>1.6</u>	<u>1.9</u>	<u>1.4</u>	<u>1.1</u>

Comment regarding items:—

COST OF PRODUCTS. This is the Producer's share of the Sales Dollar. The increase is from 80.5 per cent. in the last pre-war year to 81.4 per cent., the highest in the history of the Company.

MATERIALS. The advance in this item,—from 2.6% to 3%,—is due chiefly to war demand for certain products (mostly tinned meats) in which container cost is high.

WAGES AND SALARIES. These declined from 8.9 per cent. to 7.3 per cent.

The decline does not reflect a decrease in wage rates (which have increased somewhat), but rather the advance in price-per-pound of products.

Expressed as cost per 100 lbs. of foods processed, wages and salaries in the four years were as follows:—

1939	.....	.....	.....	.....	85 cents per 100 lbs.
1940	.....	.....	.....	.....	84 " " " "
1941	.....	.....	.....	.....	81 " " " "
1942	.....	.....	.....	.....	86 " " " "

The increase from Fiscal 1941 to Fiscal 1942 (i.e. from 81c to 86c) is due chiefly to the cost-of-living bonus introduced, by stages, within the year.

SUNDRY EXPENSES. The decline (from 4.4 per cent. to 3.8 per cent.) is likewise due to advance in price-per-pound of products sold.

WARTIME INVENTORY RESERVE. The extra profits of wartime derive from increasing volume and advancing prices. It is the policy of the Government to appropriate the largest feasible share of these profits, in the form of taxes. No one questions the justice or the necessity of this policy.

However, the Government recognizes that at some stage following the war, the conditions of the war years are likely to be reversed. Volume will decline and prices will fall.

Such a recession will involve losses commensurate with extra wartime profits. But whereas, on the advance, the Government takes nearly all the profits;—the losses of the decline must be borne entirely by the industry.

As a partial buffer against these post-war losses, a 'wartime inventory reserve' is permitted. This reserve, however, is limited in scope. It may be set up only in respect of a volume equivalent to that of the last pre-war year: (in the case of this Company, Fiscal 1939). Also, the reserve can be set up only after the full minimum tax (40%) has been paid.

DEPRECIATION. This is an 'overhead' charge. The sum is practically constant. The decline in percentage is in inverse ratio to the increase in volume.

BOND INTEREST.

Outstanding Bonds in 1939 were \$3,750,000.

" " " 1942 " \$1,500,000.

TAXESNET PROFITS

Most of the material in the following table has already appeared in this Report. Nevertheless, it is worth while to set up separately for the four years the comparison of taxes and profits.

TABLE 4COMPARISON INCOME & EXCESS PROFITS TAXES AND NET PROFITS

			<u>Taxes</u>	<u>% of Sales</u>	<u>Net Profits</u>	<u>% of Sales</u>
Fiscal 1939	.....	.....	\$ 320,200	.4%	\$1,238,736	1.6%
1940	.....	.....	916,284	1.1%	1,667,809	1.9%
1941	.....	.....	1,325,000	1.2%	1,555,028	1.4%
1942	.....	.....	2,422,862	1.7%	1,611,465	1.1%

The 'Taxes' column reflects the advancing tax rates of the war years.

The 'Net Profits' are, of course, subject to further taxation. Net profits get into the hands of Shareholders only when distributed as dividends.

When so distributed, they are subject to Personal Income Tax. The average rate of Tax would be not less than 50 per cent.

So, the final story of the Fiscal 1942 operations would be that the Government receive as taxes, approximately \$3,200,000, and the Shareholders as net income \$ 800,000.

In that respect, Shareholders may reasonably feel they are making a useful contribution to the war.

.....

But the measure of the Company's contribution to the war effort, is not chiefly in terms of taxes.

The production, processing and distribution of food is one of the most vital phases of the war effort.

On the North American Continent where, for ten years, the chief perplexity has arisen from a 'surplus' of food, it is now being realized that a period of shortage may be ahead.

The primary problem is that of 'production'. This rests in the hands of the Farmer. Canadian Farmers, with reduced manpower, have already achieved an all-time record.

In the production effort, however, the Packing Industry has a role to play, second only to that of the Farmer. The processing of the live stock, the utilization of every portion, and the prevention of spoilage, are matters of first national importance.

The Industry can fairly claim to have measured up to its job. The enormously increased deliveries of live stock have been processed without a single 'block'. The necessary plant extensions have been made without appeal for Government funds. And, considering the heavy labour turnover, caused by war conditions, efficiency has been well maintained. Evidence of this is found in the fact that out of the 'Sales Dollar' the percentage paid to the Producer is the highest on record.

Above all, the Packing Industry has been the indispensable instrument through which the various Government controls affecting meats have been worked out. Of these, the two most important have been:—

- (a) The Canadian Bacon Board, which controls production and shipment of Wiltshire Bacon to Britain.
- (b) The Wartime Prices and Trade Board, which has invoked the aid of the Packing Industry in establishing ceiling prices for meats.

No doubt Government Boards have had similar assistance from many other industries. However, the problems in establishing ceilings for meat have been of the most intricate and difficult kind. In the framing of the regulations, the Board has called for the co-operation of large groups of senior officers from the Packing Companies, for long periods of time. This is mentioned, not because assistance was grudgingly given, but as a proof of the indispensable role of the Industry in the economy of the Dominion, and particularly in the broad Live Stock field, within which the Packing House is the marketing instrument.

.....

To the Live Stock Industry in its broad sense, references have already been made in this Report. They have had to do chiefly with increased production.

The increased production has sprung from war demand. It is, therefore, interesting to examine it in periods of 'war years'. These,—as explained in the foreword,—correspond with crop years.

Table 5 gives the record of food animals processed in inspected establishments, in the last four crop years.

TABLE 5 SLAUGHTERINGS AT INSPECTED ESTABLISHMENTS
TOTAL CANADA

Crop Year Sept. 1 to Aug. 31	Cattle	Calves	Sheep	Swine
1939	854,953	674,963	793,724	3,186,740
1940 (War Year 1)	887,312	690,706	758,428	4,601,845
1941 (" " 2)	940,795	696,943	794,638	6,172,982
1942 (" " 3)*	1,021,496*	717,940*	820,841*	6,506,000*
Increase from crop year 1939 to " " 1942	166,543	42,977	27,117	3,319,260
	19%	6%	3%	104%

* August estimated.

The outstanding increase is in Hog production.

This reflects the fact that (in respect of meats) Canada's war job has been to keep Britain supplied with Wiltshire Bacon.

Total shipments of Bacon for the same four years have been:—

Crop year 1939	.....	.....	.....	160,926,100 lbs.
" " 1940 (1st war year)	.....	.....	.....	291,131,600 lbs.
" " 1941 (2nd " " )	.....	.....	.....	443,238,000 lbs.
" " 1942 (3rd " " )*	.....	.....	.....	535,702,000 lbs.

* August estimated.

Each year since the war began, the Canadian Government has contracted with the British Ministry of Food to deliver a specified quantity of Bacon, in regular weekly shipments. To implement these contracts the Canadian Bacon Board was set up.

Contract 1	was for	50,000 Cwts.	weekly	— price	\$18.02 f.a.s.	Atlantic Seaboard.
" 2	" " 70,000	" " —	" " —	" 15.82	" " "	" " "
" 3	" " 103,000	" " —	" " —	" 19.77	" " "	" " "

On Contract 1 and Contract 2, shipments exceeded the contracted quantity. On Contract 3, with one month to go, it now appears that shipments will fall short of the contracted quantity more than 60 million pounds. And this in spite of the fact that Canadian consumption of pork product has been drastically cut down (to make more available for export).

The reason dates back to Contract 2. The reduction in price (from 18.02 f.a.s. to 15.82 f.a.s.) was a mistake. Many Farmers, especially in Eastern Canada, felt they could not produce hogs at this price, and consequently marketed their sows. When the contract had run only six months (i.e. in May, 1941) the mistake was recognized and the price advanced. (See footnote.)

But whereas a Farmer can get out of production in a day,—(by liquidating his sows);—to get back into production requires at least a year. First, new sows of suitable type must be secured. This takes time. After the sows are bred, until the litter is marketed, a further period is involved of approximately ten months.

How serious was this check to production in Ontario and Quebec, is revealed in the following table of hog marketings.

TABLE 6

HOG MARKETINGS IN CANADA

<u>Crop Year</u>	<u>Eastern Canada</u>	<u>Western Canada</u>	<u>Total</u>
1939	1,961,994	1,268,397	3,230,391
1940	2,458,183	2,179,175	4,637,358
1941	2,920,289	3,160,592	6,080,881
1942 (August estimated)	2,683,018	3,884,127	6,567,145

FOOTNOTE

The reduced price of Contract 2 applied equally to bacon from Western Canada, and it may be asked why it did not also discourage production there. The answer lies in Geography. It takes 6 pounds of grain to produce 1 pound of Wiltshire bacon. By converting the grain to bacon, a very important saving in freight is effected. Because of the longer haul, this saving is relatively greater in respect of bacon shipped from the West. Therefore, a price which involves a loss to the Eastern Pig Producer may still leave a margin of profit to the Western Producer.

In Western Canada, production in crop year 1942 increased 700,000 hogs. If the price of Contract 2 had been a wise one, the increase might have been twice that number.

In the first two war years, hog marketings in Eastern Canada increased approximately 500,000 hogs each year. In War Year 3, as a result of liquidation following the announcement of Contract 2, marketings declined approximately 250,000.

.....

For the coming crop year, Britain has appealed for 700 million pounds of Wiltshire Bacon.

This is 100 million pounds more than the quantity of Contract 3, and 160 million pounds more than deliveries under Contract 3.

To provide the extra quantity requested by Britain in the coming year will itself require an increase in production of 1,500,000 hogs.

But still more hogs are asked for. Because of the developing shortages of other important foods, it would be extremely helpful, if Canadians were able to have as much pork product as they desired. To make this possible, at least a further 1,500,000 hogs would need to be produced.

It is likely, then, that the Government will appeal to the Canadian Farmers to produce, in the coming crop year, 3 million hogs more than were produced in the present crop year.

In one important respect, the appeal will come at a favourable time. Hog production depends upon feed. And Canada seems about to harvest one of the heaviest crops in its history.

But hog production also takes labour. And the Farmer is already hard pressed. Moreover, he is being urged, at the same time, to increase production in many other lines.

Undoubtedly the Farmer will do his best. And more food in total will be produced. But what form the increased production will take, will depend upon two factors.

1. Plant considerations. Other things being equal, he will extend production in branches of live stock for which he has existing facilities.
2. Profit. He will naturally favour that form of production which will yield him the highest return.

Both these considerations will probably operate in favour of increasing hog production.

.....

If the production called for is realized, the increase must come chiefly from Western Canada.

Table 6 (Page 8) reveals that leadership in hog production has already passed to that area.

This fact lends weight to the importance of a much-needed effort;—namely a campaign towards hog improvement. The vast areas of the West and the varied racial origins of the producers, add greatly to the difficulties of such a campaign. Nevertheless, the issue of hog improvement is one of the most important single factors in the outlook for Canadian Agriculture. At the end of the war, the welfare,—it might almost be said the existence,—of the Canadian Hog Industry depends upon one factor:—whether at that time Canadian bacon is equal in every respect to the best Wiltshire Bacon produced elsewhere.

Canada is already producing on a scale which involves a surplus (over domestic requirements) of at least 4 million hogs per year. That is equivalent to 80,000 hogs per week. At the end of the war, the surplus will likely be much greater.

Unless, at that time, the British market can be held for this quantity of product, Canadian pig producers will face a crisis, which might well develop into a catastrophe.

Before the war, Britain's total purchases of Bacon from abroad were (the product of) 137,000 hogs weekly. Of these imports, Canada's share in its record year was 33,000 hogs weekly. From Denmark, Britain bought 65,000 hogs weekly.

After the war, Canada *must* ask Britain for a market for at least 80,000 hogs weekly. To grant such a request will involve a difficult modification of Britain's quota schedule.

One thing is certain, Canada could not ask, and Britain could not concede such a quota, unless Canadian Bacon were equal in quality to the best bacon procurable from other countries.

In wartime, all the groups concerned in hog improvement,—Producers, Government Officers, and Packers,—are so busy with the problems of filling war orders that this paramount issue of quality tends to be overlooked.

But hog improvement takes time. If Canadian bacon is to be up to the necessary standard *at the end of* the war, the job must be done *during* the war. A good deal *has* been done. But not enough. A senior Government Officer should be assigned to this special job. Leadership must come from the Government. For final authority rests there. Willing co-operation will come from the other groups involved.

.....

Mention has already been made of the wide extension of Government control made necessary by war conditions.

Prices of all animal products, especially cattle, hogs, cheese, butter, powdered milk, poultry, eggs, are determined by Government action to an extent never before thought of.

In the domestic field, ceiling prices have been set. As to exports, not only are prices determined by Government contracts, but the actual assembly and

shipment of product has been entirely taken over. These actions have been forced by war conditions.

In the carrying out of these controls, the highly centralized Packing Industry has been a useful and co-operative instrument. Within the Industry, operations have been transformed. Under normal conditions the Packing Industry is perhaps the most keenly competitive of all Canadian industries. Competition to buy remains as keen as ever. The Government has provided for this by excluding live-stock prices from ceiling control.

In the sale of meats, however, shortage of product has changed the nature of competition. It is now competition between retailers to secure the product which is available. In the effort to secure their requirements, retailers commonly place their full orders with two or more houses,—feeling sure that even from the multiple orders, only a portion of their requirements will be shipped. Some products, for instance fresh pork cuts, have largely disappeared from the shops.

One of the most acute, and disconcerting shortages has been that of beef in recent months. Space limitations permit only a bare statement of the causes of this shortage. They were:—

1. Owing to full employment, purchasing power was high.
2. 'Demand' was further increased by the heavy requirements of military camps. (Military requirements have recently been five million pounds monthly.)
3. A further increase in 'demand' was caused by the much-less-than-normal supply of pork meats.
4. As against these extra 'demand' conditions, 'supply', during the Winter and Spring months, was short. Fewer cattle than usual had gone into the feed lots. As events turned out, all the feed-lot cattle could have been consumed in Canada. Instead of this, abnormally heavy shipments went to United States. As a result of the above conditions, in May and June an acute shortage of beef developed. Many shops for days on end were entirely without beef.

The most disturbing feature of this period was the development of an extensive 'black market' in both the processing and retailing branches of the trade.

Live cattle sold at prices much above the equivalent of the beef ceiling. Reputable processors, and retailers, lost heavily;—those who disregarded the ceiling did a record volume at high profit.

This experience is cited as demonstrating the difficulty of enforcing ceilings in respect of essential foods, in a period of acute shortage.

The Directors wish again to pay sincere tribute to the loyal service of workers of all ranks.

By reason of two conditions, manpower is daily becoming a more difficult problem.

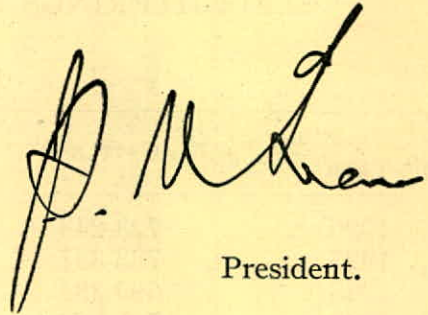
1. Experienced men enlist, or are drafted, and must be replaced by inexperienced men.
2. By reason of increasing volume, still more inexperienced men must be taken on.

These conditions throw a heavy load upon Superintendents, Foremen, and the remaining experienced workers.

Since 1939, personnel has grown as follows:—

				<u>Men</u>	<u>Women</u>
March, 1939	.....	.....	.....	4,273	530
" 1940	.....	.....	.....	4,899	599
" 1941	.....	.....	.....	5,543	791
" 1942	.....	.....	.....	5,783	1,123

In accordance with the profit-sharing plan, bonus distribution for the year was \$755,000.00.



President.

TORONTO, August 26th, 1942.

TOTAL CANADA HOG GRADINGS

CALENDAR YEAR	EASTERN CANADA	WESTERN CANADA	TOTAL
1926.....	1,644,940	1,109,565	2,754,505
1927.....	1,770,949	1,077,439	2,848,388
1928.....	1,699,184	1,140,966	2,840,150
1929.....	1,491,889	1,230,999	2,722,888
1930.....	1,228,871	1,111,865	2,340,736
1931.....	1,329,268	1,326,012	2,655,280
1932.....	1,555,697	1,586,173	3,141,870
1933.....	1,556,807	1,628,397	3,185,204
1934.....	1,324,634	1,713,521	3,038,155
1935.....	1,360,801	1,608,510	2,969,311
1936.....	1,879,392	1,866,106	3,745,498
1937.....	2,125,731	1,800,579	3,926,310
1938.....	1,989,911	1,249,887	3,239,798
1939.....	2,082,490	1,618,571	3,701,061
1940.....	2,797,458	2,652,168	5,449,626
1941.....	3,362,414	2,853,793	6,216,207
1942*.....	1,415,319*	2,194,755*	3,610,074*

*7 months.

SLAUGHTERINGS AT INSPECTED ESTABLISHMENTS TOTAL CANADA

CALENDAR YEAR	CATTLE	CALVES	SHEEP & LAMBS	SWINE
1926.....	723,243	374,175	545,769	2,491,425
1927.....	733,357	414,675	618,057	2,540,342
1928.....	699,384	415,990	638,752	2,547,024
1929.....	701,866	414,781	725,004	2,353,161
1930.....	602,017	376,237	745,119	1,926,325
1931.....	592,036	371,076	820,891	2,242,765
1932.....	554,540	383,449	788,222	2,722,825
1933.....	654,000	438,428	868,679	2,802,377
1934.....	804,290	542,842	854,222	2,871,980
1935.....	789,711	586,851	861,228	2,805,825
1936.....	920,228	602,616	830,975	3,562,534
1937.....	923,961	702,405	821,758	3,802,141
1938.....	859,260	676,579	801,679	3,137,203
1939.....	872,574	679,922	786,274	3,628,369
1940.....	889,898	703,779	763,982	5,454,930
1941.....	999,130	724,348	829,327	6,250,185
1942*.....	519,911*	434,094*	269,761*	3,595,608*

*7 months.

EXPORTS OF BACON
CANADA TO GREAT BRITAIN

CALENDAR YEAR	POUNDS	IN TERMS OF HOGS
1926.....	90,843,600	757,030
1927.....	53,059,100	442,159
1928.....	37,078,600	308,988
1929.....	25,822,900	215,191
1930.....	13,011,400	108,428
1931.....	10,961,700	91,347
1932.....	30,693,400	255,778
1933.....	71,524,700	596,039
1934.....	119,707,600	997,565
1935.....	124,327,900	1,036,065
1936.....	154,768,800	1,289,740
1937.....	192,058,700	1,600,488
1938.....	169,463,600	1,412,188
1939.....	186,473,000	1,553,941
1940.....	344,147,100	2,867,892
1941.....	464,614,000	3,871,783
1942*.....	353,008,000*	2,941,735*

*7 months.

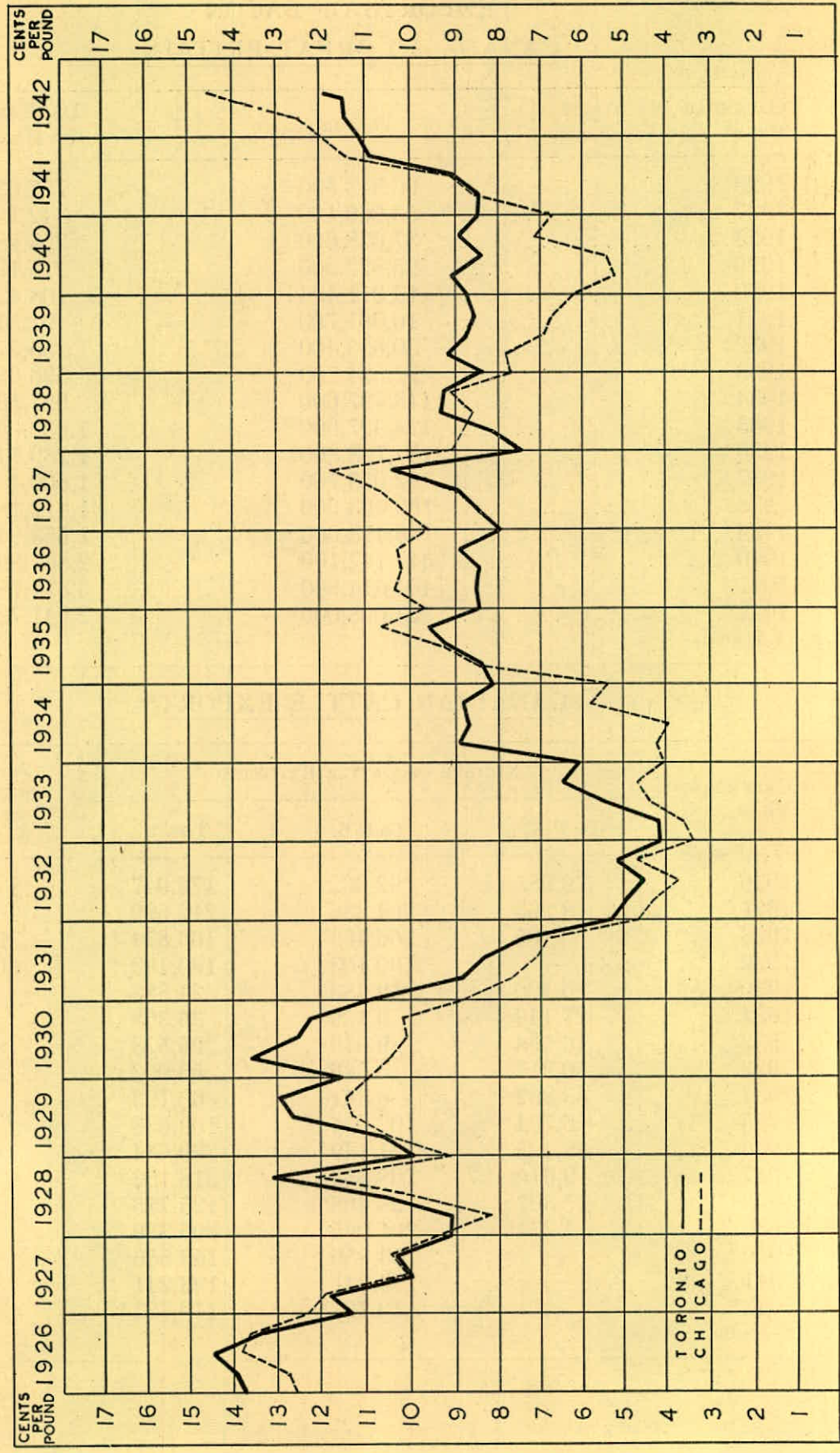
CANADIAN CATTLE EXPORTS

CALENDAR YEAR	NUMBER OF CATTLE EXPORTED			AVERAGE PRICE GOOD STEERS, TORONTO
	To U.K.	To U.S.	TOTAL	
1926.....	79,985	92,962	172,947	\$ 7.35
1927.....	8,263	204,336	212,599	8.20
1928.....	405	166,469	166,874	10.48
1929.....	—	160,103	160,103	10.16
1930.....	5,400	19,483	24,883	8.97
1931.....	27,149	9,159	36,308	5.93
1932.....	16,568	9,010	25,578	5.23
1933.....	50,317	5,686	56,003	4.47
1934.....	53,852	6,341	60,193	4.85
1935.....	6,704	102,934	109,638	5.79
1936.....	38,495	191,149	229,644	5.04
1937.....	9,610	208,552	218,162	6.72
1938.....	27,307	98,408	125,715	5.97
1939.....	4,274	201,065	205,339	6.77
1940.....	—	153,856	153,856	7.78
1941.....	—	193,241	193,241	8.91
1942*.....	—	119,721*	119,721*	10.52*

*7 months.

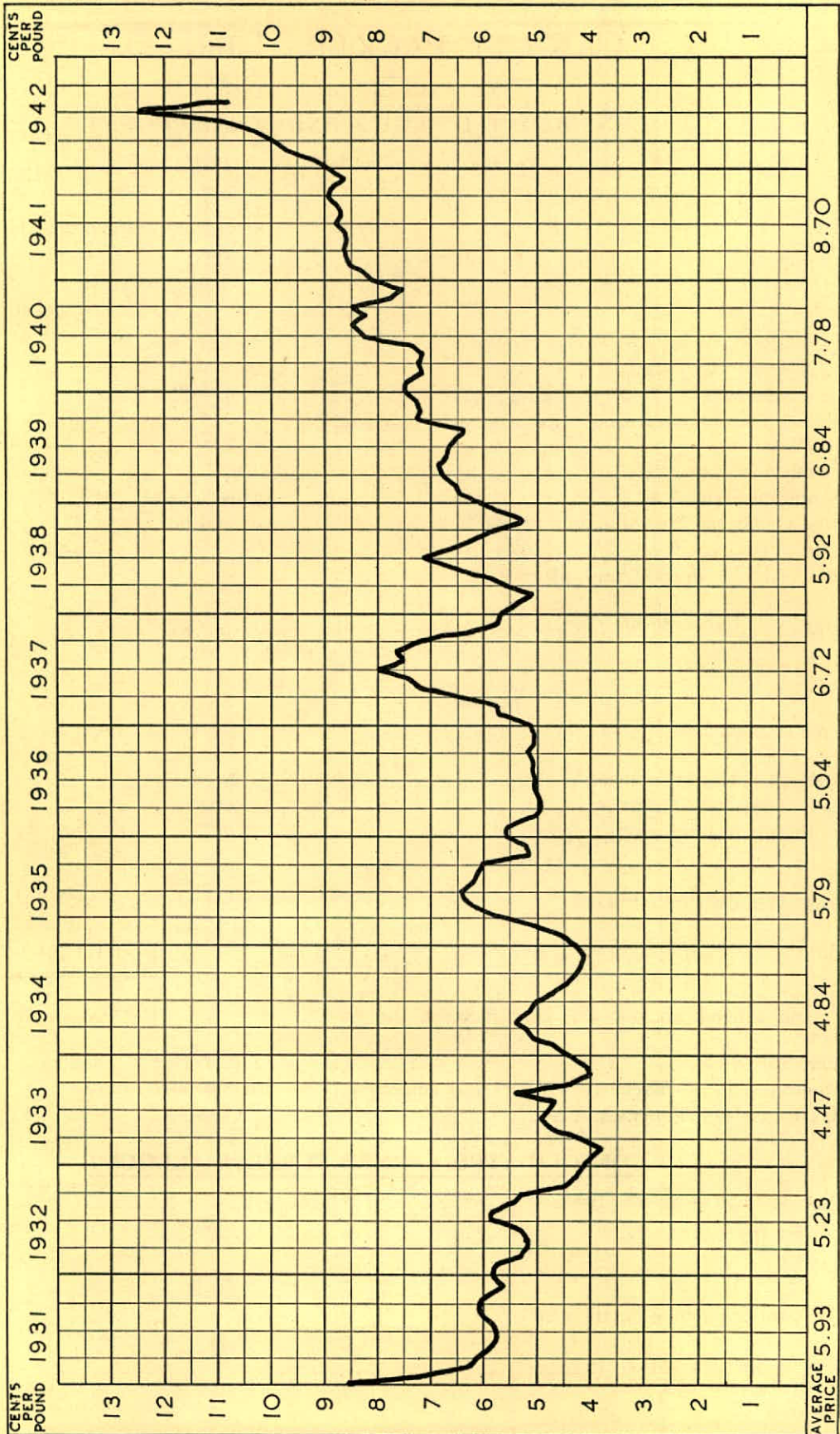
COMPARATIVE HOG PRICES

TORONTO — LIVE PRICE .
CHICAGO — TOPS .



STEEERS — AVERAGE MONTHLY PRICE

. GOOD CHOICE . . 1050 LBS. DOWN . . TORONTO . .



CANADA PACKERS LIMITED
AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year ending 26th March, 1942

		<u>Percentage to Sales</u>
Net Sales.....	\$149,350,783.65	
Less Transportation Charges.....	4,841,491.24	
	\$144,509,292.41	100%
Cost of Livestock and all other Products.....	\$117,479,328.76	81.4%
Cost of Materials and Packages.....	4,325,771.54	3.0%
Wages and Salaries.....	10,599,429.95	7.3%
Expenses—Selling, Advertising, Repairs and General Operating Costs.....	5,503,858.54	3.8%
Wartime Inventory Reserve.....	1,310,000.00	.9%
Depreciation on Fixed Assets.....	911,445.68	.6%
Interest on Collateral Trust Bonds.....	51,300.00	
Taxes paid or reserved for:		
Provincial Corporation and Municipal Taxes.....	\$ 254,913.28	
Income and Excess Profits Taxes.....	2,422,862.31	1.9%
	2,677,775.59	
	142,858,910.06	98.9%
Profit from Operations.....	\$ 1,650,382.35	1.1%
Other deductions less other income:		
Reserved against investments.....	\$ 40,000.00	
Loss on sale of fixed assets.....	2,907.69	
	\$ 42,907.69	
Less income from investments.....	3,990.25	38,917.44
Net Profit for the Year.....	\$ 1,611,464.91	1.1%

NOTE: The expenditure for the year includes the following:

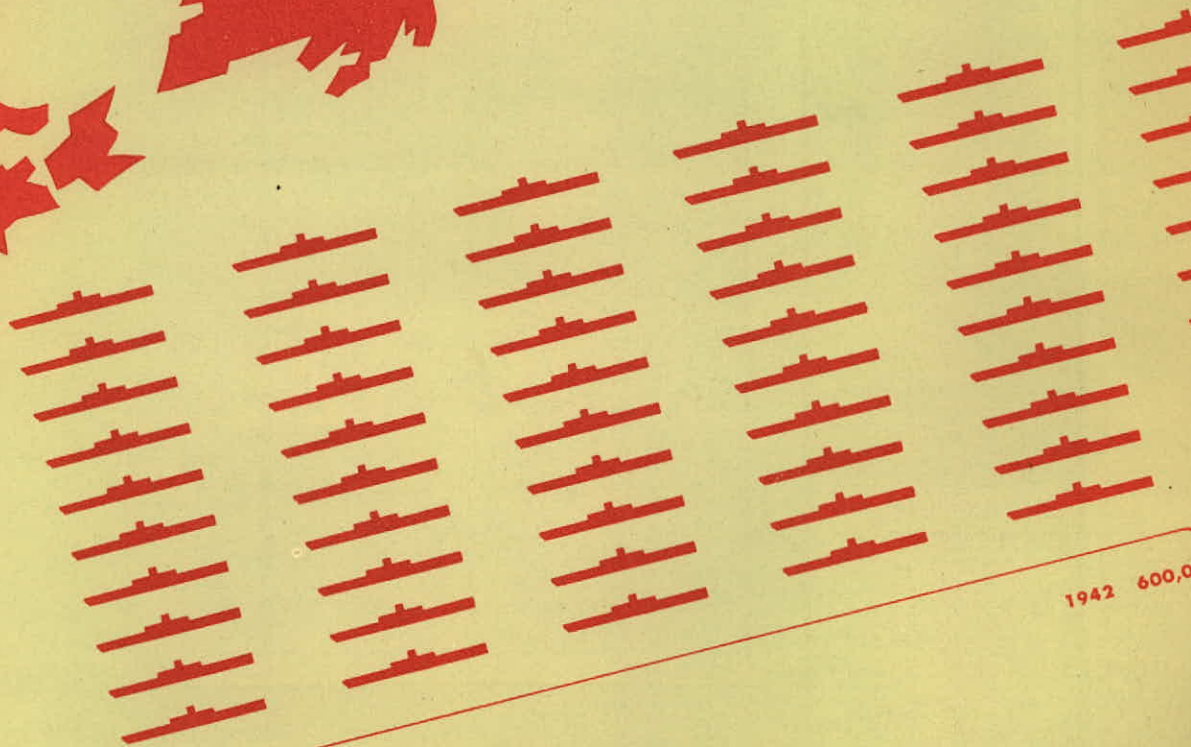
Directors' Fees.....	Nil	
Remuneration to Executive Officers and Directors..	\$ 176,000.00	
Legal Fees and Expenses.....	9,885.52	

CONSOLIDATED EARNED SURPLUS ACCOUNT

Balance at credit 27th March, 1941.....	\$ 8,761,970.35
Net profit for the year.....	1,611,464.91
	\$ 10,373,435.26
Dividends paid or payable for the year.....	800,000.00
Balance at credit 26th March, 1942.....	\$ 9,573,435.26

CANADA PACKERS

For the war year ending 30th September 1942, as compared with the pre-war year ended 30th September 1939, Canada's shipments of bacon to Britain will show an increase of 270%. The chart expresses this comparison in terms of ships. Each ship represents 3000 tons of bacon.



1942 600.0

BALANCE SHEET

ERS LIMITED

(Incorporated in the Dominion Companies Act)

SUBSIDIARIES

31st MARCH, 1942

LIABILITIES

Borrowings from Bankers and Others (secured \$9,528,350).....	\$14,167,782.49	
Accounts Payable and Accrued Charges.....	2,779,537.82	
Reserve for Income, Sales, Municipal and other Taxes.....	3,055,888.73	
Accrued Bond Interest.....	13,507.89	
Dividend Payable on Common Shares, 1st April, 1942.....	200,000.00	
		<hr/>
		\$20,216,716.93
Collateral Trust Debentures—Authorized \$6,000,000 whereof outstanding:		1,500,000.00
2½% Debentures due 2nd January, 1943.....	\$ 750,000	
2¾% Debentures due 2nd January, 1944.....	750,000	
		<hr/>
		\$1,500,000
		<hr/>
Reserve for Depreciation.....		13,033,688.44
Surplus on Appraisals.....		5,617,482.73
Capital—Authorized and Issued:		
200,000 Common Shares of no par value.....	\$ 1,438,284.46	
Earned Surplus Account.....	9,573,435.26	
		<hr/>
		11,011,719.72

On behalf of the Board { J. S. McLEAN, Director.
S. G. BROCK, Director.

\$51,379,607.82

THE SHAREHOLDERS

its subsidiaries, in which are incorporated the returns from the branches certified by branch officials, and have received and correct view of the Companies' affairs according to the best of our information and the explanations given us and as the year ending 26th March, 1942 of the Subsidiary Companies not consolidated herein has been included in the accounts

CLARKSON, GORDON, DILWORTH AND NASH,
Chartered Accountants.

CONSOLIDATED B
OF
CANADA PACK
(Incorporated under the Do
AND ITS SUB
AS AT 26TH M

ASSETS

Cash on hand.....	\$ 27,114.31	
Accounts Receivable, less reserves.....	10,279,449.34	
Inventories of Products, Materials and Supplies on hand, on consignment and in transit—as determined and certified by the management and valued at the lower of cost or market less Reserves.....	16,339,295.90	
Life Insurance (cash surrender value).....	449,199.40	
Investment in Bonds and Shares at book value:		
Dominion of Canada War Loan Bonds due 1st March, 1948 (market value \$1,990,000).....	\$2,000,000.00	
Less bank advances secured by these Bonds.....	2,000,000.00	
	ϕ	
Other Bonds and Shares (market value \$198,500).....	\$ 121,634.49	
	121,634.49	
Prepaid expenses.....	452,575.91	
Balances receivable from employees for War Loan Bonds purchased on their behalf (secured).....	230,159.45	
Sundry advances, mortgages, deposits, balances receivable, and advances to employees for expenses, etc.....	202,357.21	
	\$28,101,786.01	
Investments in and Advances to Subsidiary Companies, less Reserve:		
Investments.....	\$ 340,003.64	
Advances.....	343,017.64	
	683,021.28	
Fixed Assets—Land, Buildings, Leasehold, Plant and Equipment.....	22,594,799.53	
Fixed assets which have been appraised are shown at their depreciated appraisal values, and other fixed assets are shown at not exceeding cost—		
The appraisals were made by—		
Dominion Appraisal Company Limited—31st March, 1927.		
Canadian Appraisal Company Limited—31st March, 1919, October, 1919, and 30th September, 1922.		
American Appraisal Company—1st October, 1919.		
Goodwill.....	1.00	
	<u>\$51,379,607.82</u>	

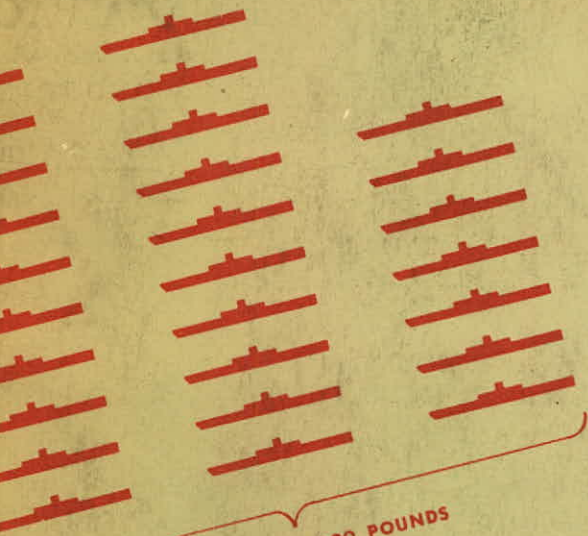
AUDITORS' REPORT TO

We have examined the above Consolidated Balance Sheet as at 26th March, 1942 of Canada Packers Limited and all the information and explanations we have required.

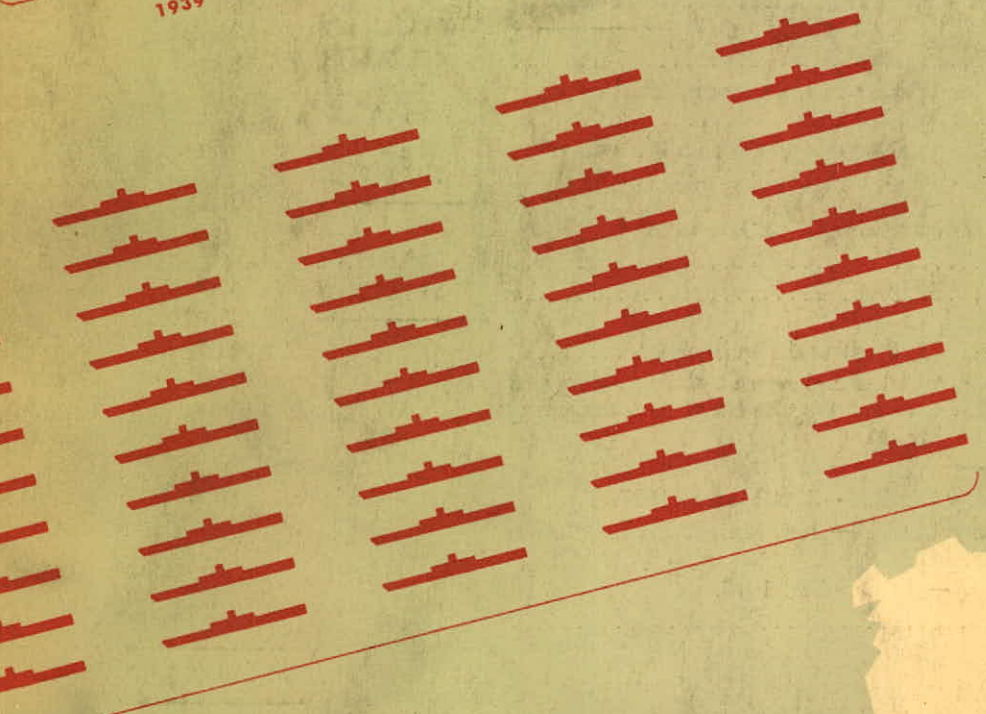
We report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true shown by the books and returns.

As required by the Dominion Companies Act, 1934, Section 114, we report that no portion of the net profit for the of Canada Packers Limited.

Toronto, Canada.
17th August, 1942.



1939 162,000,000 POUNDS



OUNDS