



ANNUAL REPORT
CANADIAN CANNERS LIMITED
AND
SUBSIDIARY COMPANIES



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FOR THE YEAR ENDED FEBRUARY 28, 1950

We have eliminated any pictorial material from this Annual Report in the belief that a financial report may be more effective if it is purely a business document, clear, thorough, informative, but unadorned.

CANADIAN CANNERS LIMITED

44 HUGHSON STREET SOUTH
HAMILTON, ONTARIO, CANADA

Directors —

F. S. CORRIGAN
W. I. DRYNAN
G. H. GAUSBY
W. L. INNES
A. LEITCH
W. G. LUMBERS
W. G. MacKENDRICK
D. R. McCAHILL
E. A. PEARCE
L. A. PHILIP
J. A. SCYTHES
H. G. STAPELLS, K.C.

Officers —

E. A. PEARCE, President
D. R. McCAHILL, Vice-President and General Manager
W. L. INNES, Vice-President
W. I. DRYNAN, Asst. General Manager
G. H. GAUSBY, General Sales Manager
P. CROUCHER, Secretary-Treasurer
A. LEITCH, Asst. Secretary-Treasurer
R. W. REYNOLDS, Comptroller

May 3rd, 1950.

TO OUR SHAREHOLDERS:

The Twenty-seventh Annual Report of the Company for the year ended February 28th, 1950, together with the report of the Auditors, is herewith submitted by the Board of Directors.

PROFITS — Profits have been well maintained, and are good considering competitive conditions in the industry. They are, however, slightly lower than the previous year.

DIVIDENDS — Dividends paid during the year totalled \$778,031.57. Due to the retirement of the 5% Cumulative First Preference Shares on April 1st, 1950, the April, 1950, Quarterly Dividend had to be declared in advance before the end of our fiscal year, therefore, five quarterly dividends are charged to Earned Surplus in the period covered by this report.

FIRST PREFERENCE STOCK REDEMPTION — Your Directors decided to call the outstanding First Preference Stock of the Company as of April 1st, 1950, and for this and other purposes on January 15th, 1950, sold \$5,000,000.00 in Debentures, as outlined on the Balance Sheet. The Debentures met with a ready reception. As a result of issuing these securities, the Serial Note of \$250,000.00 due May 1st, 1950, was paid off prior to our year end.

EMPLOYEES' BENEFIT FUND — The Directors are recommending to the Shareholders for their approval a Contributory Pension Plan to include all permanent employees of the Company and Subsidiaries, and you will be asked to approve a By-law covering this Plan at the General Shareholders' Meeting.

INVENTORY — Our canned goods Inventory is higher, due largely to last year's unprecedented pack of corn in Canada, and an increased tendency on the part of buyers to buy on a hand-to-mouth basis as buyers discover that deliveries can now be made promptly from our factories near centres of distribution. Current shipments are moving out at a satisfactory level and constant pressure is being maintained to increase them.

WORKING CAPITAL — We continue to hold a strong financial position in this regard, which is so essential to provide sufficient capital for the production of high quality canned foods.

SALES — Sales of the major lines were about the same as last year. Some decline in Specialties accounted for the reduced over-all sales figures. Competitive conditions have reduced our margin of profit per unit from the previous year. Openings for export sales are constantly being explored, and advantage taken of every opportunity that presents itself in this connection.

AYLMER BRAND — AYLMEER Brand is continually growing in popularity, and is being actively represented in all domestic markets by aggressive merchandising and advertising support.

PRODUCTION — Production in 1949 was on a level comparable with the previous year. The necessary steps are being taken to regulate, as far as possible, packs on the items of which we have a stock in excess of present demand, in order to maintain continuity of supply and endeavour to reduce inventory.

PROPERTY ACCOUNT — Plant and general equipment has been maintained in first class condition, which is in line with our policy for efficient operation.

LIABILITIES — Bank loans have increased due to large inventories. The inventories of finished products are being marketed and bank loans are considerably reduced at the time of issuing this report.

DEPRECIATION — Depreciation Reserve, which formerly appeared in the Liabilities section of the Balance Sheet, has now been placed in the Assets section and deducted from Fixed Assets.

SUBSIDIARIES — Our Subsidiaries contribute substantially to the profits of the Company.

OUTLOOK — Conditions confronting the industry for the time being are somewhat unsettled, but with continued sales and advertising efforts, we look forward to the future with a considerable degree of confidence without discounting too much any abnormal condition that might adversely affect the industry in the coming year. Our widespread interests are of considerable assistance in this situation.

STAFF — The Board of Directors and Management of your Company wish to express their appreciation to the employees of the Parent Company and all the Subsidiary Companies for the loyal and efficient co-operation which has been maintained. This has contributed in a large measure to the present standing of our Company, and these efforts are deeply appreciated.

On behalf of the Board,

E. A. PEARCE,
President.

CANADIAN CANNERS LIMITED

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS

Cash on hand and in banks	\$ 116,115.34	
Accounts and bills receivable, less reserve	2,043,194.12	
Manufactured goods, raw materials and supplies valued at the lower of approximate cost or market, as determined and certified to by responsible officials, less reserve	16,834,537.47	
		\$18,993,846.93

PORTION OF PROCEEDS OF DEBENTURE ISSUE

applied in redemption of 5% Cumulative First Preference Stock on April 1, 1950		4,363,951.00
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OTHER ASSETS

Portion of excess profits taxes refundable in 1951 and 1952	\$ 271,586.99	
Shares of the Company held by Trustees for account Employees' stock participation	19,650.85	
Prepaid insurance, etc.	47,462.99	
Unamortized debenture discount and expense	130,000.00	
		468,700.83

FIXED ASSETS

Land, buildings, plant and equipment, based chiefly on appraised sound values as reported by Canadian Appraisal Company, Limited, in 1923, plus subsequent additions at cost	\$18,320,700.07	
Less—Reserve for depreciation	12,567,833.00	
		5,752,867.07

INTANGIBLES

Brand names, trade marks, patents, processes, goodwill, etc.		3,242,619.47
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Approved on behalf of the Board,

E. A. PEARCE,
Director.

D. R. McCAHILL,
Director.

\$32,821,985.30

ED and Subsidiary Companies

heet, February 28, 1950

LIABILITIES

CURRENT LIABILITIES

Bank advances	\$ 5,228,005.25
Accounts payable and accrued liabilities	1,243,953.66
Reserve for income and other taxes	640,115.96
Dividends payable April 1, 1950	196,725.05
Debenture payments due within one year	175,000.00

\$ 7,483,799.92

DEBENTURES

2 $\frac{3}{4}$ % Serial Debentures maturing \$100,000 January 15, 1951 to 1955	\$ 500,000.00
3% Serial Debentures maturing \$100,000 January 15, 1956 to 1960	500,000.00
3 $\frac{3}{4}$ % Sinking Fund Debentures maturing January 15, 1970	4,000,000.00
	<u>\$ 5,000,000.00</u>

Less—Payments due within one year included in Current Liabilities	175,000.00
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4,825,000.00

RESERVE FOR EMPLOYEES' BENEFIT FUND

(after charging \$250,000 paid to a trust company to be invested, subject to shareholders' approval, for Retirement Pension Plan)

250,000.00

CAPITAL STOCK

5% Cumulative First Preference Stock (par value \$20; redeemable at \$23; convertible share for share into Common):

Authorized	216,385 shares
Issued	194,240 shares
Less converted or redeemed	4,503 shares

Outstanding

189,737 shares

\$ 3,794,740.00

Premium thereon on redemption

569,211.00

These shares were redeemed on April 1, 1950

\$ 4,363,951.00

Convertible Preference Stock (without nominal or par value; redeemable at \$20; convertible share for share into Common):

Authorized	399,160 shares
Issued	364,568 shares
Less converted or redeemed	131,876 shares

Outstanding

232,692 shares

6,785,076.68

Common Stock (without nominal or par value):

Authorized	400,840 shares
Issued	261,136 shares

Outstanding, including original issues

and conversions

261,136 shares

CAPITAL SURPLUS—being par value of 5% Cumulative First Preference Stock and cost of Convertible Preference Stock, charged to Earned Surplus and transferred to Capital Surplus, pursuant to Section 61, The Companies' Act, 1934

144,595.37

11,293,623.05

EARNED SURPLUSES

Contingent Reserve	\$ 3,000,000.00
Earned Surplus Account	5,969,562.33

8,969,562.33

\$32,821,985.30

CANADIAN CANNERS LIMITED

and Subsidiary Companies

STATEMENT OF CONSOLIDATED PROFIT AND LOSS AND EARNED SURPLUSES FOR THE FISCAL YEAR ENDED FEBRUARY 28, 1950

PROFIT from operations before deducting the undernoted items		\$ 2,901,106.48
Provision for depreciation	\$ 700,000.00	
Directors' fees	11,000.00	
Executive salaries and legal fees	119,681.73	
Interest on serial notes and debentures	22,687.67	
Provision for income taxes	700,000.00	
		1,553,369.40
Deduct—Amount provided for Employees' Benefit Fund		\$ 1,347,737.08
		100,000.00
Net Profit for the Year		\$ 1,247,737.08
EARNED SURPLUSES as at March 1, 1949		
Reserve for redemption of preference stock	\$ 682,754.63	
Investment and contingent reserve	7,000,000.00	
Earned surplus account	1,583,038.24	
		9,265,792.87
		\$10,513,529.95
Deduct—		
*Four Quarterly Dividends paid during year		
First Preference Stock	\$228,766.80	
Convertible Preference Stock	267,589.75	
Common Stock	281,675.02	
		\$ 778,031.57
*Provision for Quarterly Dividend payable April 1, 1950		
First Preference Stock	\$ 56,921.10	
Convertible Preference Stock	58,073.00	
Common Stock	81,730.95	
		196,725.05
Premium payable on redemption of 5% Cumulative First Preference Stock called for redemption on April 1, 1950	569,211.00	
		1,543,967.62
		\$ 8,969,562.33
EARNED SURPLUSES AS AT FEBRUARY 28, 1950		
Contingent Reserve	\$ 3,000,000.00	
Earned Surplus Account	5,969,562.33	
		\$ 8,969,562.33

*Note—Five quarterly dividends appear in the above statement.

PRICE, WATERHOUSE & CO.

ROYAL BANK BUILDING

TORONTO 1

May 1, 1950.

To the Shareholders of
CANADIAN CANNERS LIMITED:

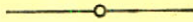
We have examined the consolidated balance sheet of Canadian Canners Limited and subsidiary companies as at February 28, 1950, and the related statement of profit and loss and earned surpluses for the year ended on that date, and have been furnished with all the information and explanations which we required. Our examination included such tests of the accounting records and other supporting evidence and such other procedures as we considered appropriate in the circumstances in respect of Canadian Canners Limited, and its principal subsidiary, Canadian Canners (Western) Limited. The accounts of the other subsidiary companies were examined by internal auditors of Canadian Canners Limited and we have been furnished with financial statements as at February 28, 1950, certified by them, which are incorporated in the accompanying consolidated statements.

In our opinion, the accompanying consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the state of affairs of the combined companies as at February 28, 1950, according to the best of our information and the explanations given to us and as shown by the books which we examined and the financial statements furnished to us as referred to in the preceding paragraph.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

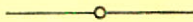
SUBSIDIARY COMPANIES

Canadian Cannery (Western) Limited	— G. G. Lister, President and General Manager
Cannery Machinery Limited	— J. B. Doyle, President and General Manager
Cannery Seeds Limited	— E. A. Pearce, President
Pembroke Shook Mills, Limited	— L. M. Crandall, President and General Manager
Wagstaffe Limited	— C. R. Drynan, President and General Manager
Walmer Transport Co., Limited	— W. R. Caldwell, President



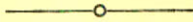
Transfer Agents

ROYAL TRUST COMPANY, Toronto and Montreal



Trustee for Debenture Holders

CANADA PERMANENT TRUST COMPANY



Auditors

PRICE, WATERHOUSE & CO.

One of the most effective and most intangible forms of promotion is "Word-of-mouth advertising."

This particular type of advertising is founded by faith in a particular product's quality and we know that we have the finest quality in our AYLMER products,—for all our efforts go to maintain and improve our present high standards.

We know we can count on our shareholders continuing support by using AYLMER products, and we also know you will aid us in creating faith and goodwill for our products by testimonial advertising,—verbally supporting AYLMER brand.



YOUR FAMILY DESERVES AYLMER QUALITY