



Canadian Canners

L I M I T E D

ANNUAL REPORT

FOR THE YEAR ENDING FEBRUARY 28th.

1949



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YOUR FAMILY DESERVES AYLMER QUALITY

MAY 12 1949

MCGILL UNIVERSITY

Hamilton, Ontario,

May 2nd, 1949.

TO THE SHAREHOLDERS OF
CANADIAN CANNERS LIMITED:

The Twenty-sixth Annual Report of the Company for the year ended February 28th, 1949, together with the report of the Auditors, is submitted herewith by the Board of Directors.

DIVIDENDS — Dividends were paid during the year totalling \$771,309.74.

PROFITS — Profits have declined due to higher costs and to meeting competition on certain products. This decline is partly offset by lower provision for income taxes, making the net lower than the preceding year.

The results of the application for an increased base period are reflected in the accompanying Balance Sheet and Surplus Accounts.

PRODUCTION IN 1948 — Production was heavier than anticipated at the beginning of the season, due partly to an unprecedented production of Peas and Tomato Products.

SALES — Domestic sales were maintained at a high level but sales in total were not equal to the previous year's due mainly to the decline in export sales. In November 1948 the South African market, which took a considerable volume of goods, was closed to us. The few remaining export outlets are highly competitive and do not absorb a large volume. We have not relaxed our efforts to get our share, and are meeting competition where necessary. There has not been any improvement in the British market. Certain major lines were under ceiling prices fixed by the Government, but due to heavy production (particularly on Peas and Tomato Juice), these have not been maintained. It will be noted that our margin of profit with one turnover per year is very reasonable, being this year eight-tenths of a cent per unit.

The addition of Newfoundland to Canada will open up a broader market, in which we have sold in the past, and steps have been taken both by advertising and sales effort to be fully represented in this our newest Province.

AYLMER brand still continues in high favour, and we are continuing an aggressive advertising and merchandising program which should enhance our position still further in this regard. This is clearly reflected in the demand with which we are meeting for goods sold under the **AYLMER** label.

INVENTORY — Our inventory this year is substantially increased as against the previous year. This is accounted for by the heavy production of certain lines and the marked tendency on the part of the trade to buy only on a hand-to-mouth basis, thus compelling the manufacturer to carry stocks. This is a position that will continue more or less as long as goods are in ample supply. Shipments are moving out steadily and we are maintaining our position in the markets.

PROPERTY ACCOUNT — The increase in the property account is for additional equipment required for efficient and up-to-date operation; also the rebuilding of our pickle plant work room at Waterford to get efficient operation (due to increased Pickle Sales); also the building of a new plant at Penticton, B.C., in order to maintain our position in the fruit canning industry in British Columbia.

LIABILITIES — Bank loans have been considerably reduced since the close of the fiscal year, by liquidating inventories. Serial notes have been reduced \$250,000.00, leaving outstanding at this time \$250,000.00 payable May 1st, 1950. This final payment will complete payment on fixed indebtedness, leaving only current loans and bills payable from year to year. Our ratio of current assets and current liabilities is over three to one.

A further amount of \$100,000.00 has been provided for the Employees' Benefit Fund.

1949 PRODUCTION — Steps have been taken to regulate as far as possible packs on heavily stocked lines in order to level out our position and provide for a steady flow of these products. A definite policy has been adopted in regard to capital expenditures for the coming year with a view to keeping these at a minimum, having regard to the efficient operation of the Company.

SUBSIDIARIES — Our Subsidiary Companies, which are under capable Managements, have contributed substantial amounts to our over-all earnings.

PRESIDENT — It is with a feeling of deep regret that we record the passing of our President, Mr. William R. Drynan. He was active in the affairs of the Company for over forty years, and contributed in a great measure to the success of our Company. Our position today is attributable to his wise leadership.

DIRECTORS — You will be asked to confirm a by-law reducing the number of Directors from ten to nine.

STAFF — Your Directors wish to express their appreciation of the loyal and efficient services of the Company's employees, the majority of whom are also shareholders in the Company. They are to be commended for their loyalty and devotion to the success of our Company.

On behalf of the Board,

D. R. McCaHILL,

Director and General Manager.

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS AND
EARNED SURPLUSES FOR THE FISCAL YEAR
ENDED FEBRUARY 28, 1949.**

| | |
|---|-----------------|
| PROFIT from operations after deducting all expenses of manufacturing, selling, administration and taxes (see Note 1) .. | \$ 1,471,832.47 |
| LESS: Interest on Serial Notes | 12,182.24 |
| | \$ 1,459,650.23 |
| LESS: | |
| Amount provided for Employees' Benefit Fund | 100,000.00 |
| | \$ 1,359,650.23 |
| ADD: | |
| Net adjustment of excess profits taxes of prior years arising from determi- nation of standard profits | \$ 1,838,000.00 |
| Surplus from disposal of Fixed Assets .. | 107,209.77 |
| | 1,945,209.77 |
| | \$ 3,304,860.00 |
| EARNED SURPLUSES as at March 1, 1948 | \$ 5,795,242.61 |
| Refundable portion of excess profits taxes previously carried as Deferred Surplus | 937,000.00 |
| | 6,732,242.61 |
| | \$10,037,102.61 |
| LESS Dividends paid during year: | |
| First Preference Shares | \$ 228,766.80 |
| Convertible Preference Shares | 294,483.25 |
| Common Shares | 248,059.69 |
| | 771,309.74 |
| | \$ 9,265,792.87 |
| EARNED SURPLUSES as at February 28, 1949: | |
| Reserve for redemption of Preference Shares | \$ 682,754.63 |
| Investment and Contingent Reserve .. | 7,000,000.00 |
| Earned Surplus Account (see Note 2) | 1,583,038.24 |
| | \$ 9,265,792.87 |

Note 1: The above profits from operations are after providing \$700,000.00 for depreciation of plants, \$915,000.00 for income taxes, \$109,336.09 for other taxes, \$10,000.00 for directors' fees, and \$106,404.67 for legal fees and executive salaries.

Note 2: After transferring \$3,250,000.00 to Investment and Contingent Reserve in the year ended February 28, 1949.

CANADIAN CANNERS LIMITED

AND

SUBSIDIARY COMPANIES

Consolidated Balance Sheet--February 28, 1949

ASSETS

CURRENT ASSETS

| | | |
|---|---------------|------------------|
| Cash on hand and in banks | \$ 63,861.72 | |
| Accounts and bills receivable, less reserve | 1,384,950.09 | |
| Balance receivable in respect of adjustment of excess profits taxes of prior years, after deducting current income taxes payable | 1,249,659.40 | |
| 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 | 12,968,696.30 | |
| | | \$ 15,667,167.51 |

OTHER ASSETS

| | | |
|---|---------------|------------|
| Refundable portion of excess profits taxes, after adjustment arising from determination of standard profits | \$ 300,000.00 | |
| Shares of the Company held by Trustees for account Employees' stock participation | 19,650.85 | |
| Prepaid insurance, etc. | 54,467.07 | |
| | | 374,117.92 |

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 | | 18,066,890.98 |
|---|--|---------------|

| | | |
|---|--|-------------------------|
| INTANGIBLES, brand names, trade marks, patents, processes, goodwill, etc. | | 3,242,619.47 |
| | | <u>\$ 37,350,795.88</u> |

LIABILITIES

CURRENT LIABILITIES

| | | |
|--|-----------------|-----------------|
| Bank advances | \$ 3,088,165.28 | |
| Accounts payable and accrued liabilities | 1,265,470.94 | |
| Reserve for Provincial and other taxes | 209,260.52 | |
| Serial note due May 1, 1949 | 250,000.00 | |
| | | \$ 4,812,896.74 |

| | | |
|-----------------------------|--|------------|
| SERIAL NOTE due May 1, 1950 | | 250,000.00 |
|-----------------------------|--|------------|

FIRST MORTGAGE BONDS, Series A:

Authorized — \$1,500,000.00, but not issued.

| | | |
|-------------------------------------|--|------------|
| RESERVE FOR EMPLOYEES' BENEFIT FUND | | 400,000.00 |
|-------------------------------------|--|------------|

| | | |
|----------------------------------|--|---------------|
| GENERAL AND DEPRECIATION RESERVE | | 11,887,699.23 |
|----------------------------------|--|---------------|

| | | |
|--|-------------------|-------------------------|
| CAPITAL STOCK | | |
| Five Per Cent. Cumulative First Preference Stock (par value \$20; callable at \$23; convertible share for share into Common): | | |
| Authorized — 212,784 shares | | |
| Issued — 190,641½ shares | \$ 3,812,830.00 | |
| Convertible Preference Stock (without nominal or par value; callable at \$20; convertible share for share into Common): | | |
| Authorized — 324,501 shares | | |
| Issued — 289,073 shares | 6,767,036.68 | |
| Common Stock (without nominal or par value): | | |
| Authorized — 466,913 shares | | |
| Issued — 203,857 shares | | |
| CAPITAL SURPLUS — being par value of Five Per Cent. Cumulative First Preference Stock and cost of Convertible Preference Stock, redeemed under Section 61, The Companies' Act, 1934 | 144,545.37 | |
| | | 10,724,412.05 |
| EARNED SURPLUSES | | |
| Reserve for redemption of Preference Shares | \$ 682,754 63 | |
| Investment and Contingent Reserve | 7,000,000 00 | |
| Earned Surplus Account | 1,583,038.24 | |
| | | 9,265,792 87 |
| | | \$ 37,350,795.88 |

On behalf of the Board,

W. L. INNES,
Director.

D. R. McCAHILL,
Director.

AUDITORS' REPORT

To the Shareholders of

Toronto, Ontario,

CANADIAN CANNERS LIMITED:

May 2nd, 1949.

We have examined the consolidated balance sheet of Canadian Canners Limited and subsidiary companies as at February 28, 1949, and the related statement of profit and loss and earned surpluses for the year ending on that date, and have been furnished with all the information and explanations which we required. In connection therewith, we examined or tested the accounting records of Canadian Canners Limited and its 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, 1949, certified by them, which are included in the accompanying consolidated statements.

In our opinion, the above 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, 1949, 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 us as referred to in the preceding paragraph.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

CANADIAN CANNERS LIMITED

HEAD OFFICE: HAMILTON, ONTARIO, CANADA

Directors

AVERN PARDOE, Chairman of the Board.
*W. R. DRYNAN, President.
W. L. INNES, First Vice-President
E. A. PEARCE, Second Vice-President.
D. R. McCAHILL, General Manager.
W. I. DRYNAN, Assistant General Manager
F. S. CORRIGAN
ALECK LEITCH
W. G. LUMBERS
LT.-COL. W. G. MacKENDRICK, D.S.O.

*Died April 13, 1949.

P. CROUCHER, Secretary-Treasurer
R. W. REYNOLDS, Comptroller

Auditors

PRICE, WATERHOUSE & CO., Chartered Accountants

SUBSIDIARIES

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

Owning and Operating

CANNING AND PRESERVING FACTORIES

In Ontario — Aylmer, Amherstburg, Alvinston, Brighton, Beamsville, Burford,
Burlington, Belle River, Bloomfield, Bowmanville, Chatham, Cobourg,
Colborne, Delhi, Dresden, Dunnville, Exeter, Fonthill, Foxboro, Forest,
Frankford, Grimsby, Grafton, Hamilton, Hillier, Highgate, Jordan Station,
Kingsville, Lakeport, Niagara-on-the-Lake, Napanee, Northport, Picton,
Port Burwell, Port Hope, Port Dalhousie, Port Milford, Petrolia, Redners-
ville, Ridgetown, Simcoe, St. Catharines, Strathroy, St. Davids, Stoney
Point, Tilbury, Vineland, Waterford, Waterdown, Wellington, West Lorne,
West Lake.
In Quebec — Chambly, St. Hyacinthe, St. Isidore.
In Nova Scotia — Middleton.
In British Columbia — Ashcroft, Kelowna, Keremeos, Lulu Island, Mission,
Oliver, Penticton, Vancouver.

FARMS

In Ontario — Counties: Brant, Elgin, Huron, Lincoln, Lambton, Prince Edward.



Canada's Finest Peaches Now Reach Baby In New Dress

Aylmer is the only canned Baby Food sold in Canada that was developed exclusively for Canadian babies — under the guidance of leading Canadian medical authorities. And Canadian mothers have long looked to the Aylmer label as a symbol of quality in baby foods.

However, retail methods are changing, particularly with regard to the self-serve method of merchandising . . . and to meet the needs of a new day, Aylmer Baby Foods will soon appear in a modern, new label.



Thousands of Canadians Drink their Vegetables

Another new trend in Canada . . . which gained special impetus from such wartime films as the R.C.A.F. picture "Training Table" . . . is the habit of drinking plenty of vegetable juices for health!

And here again Canadian Cannery Limited lead the field . . . with an especially tasty vegetable juice cocktail . . . known to millions of Canadians as Aylmer Vegetable Juices. A similar vegetable drink is sold under the name Aylmer Tomato Juice Cocktail.

This delicious appetizer is made from tomatoes, celery, carrots and beets. And Aylmer processing methods which make for speedier handling (as shown above) . . . are one of the most important reasons for the appetizing fresh flavor and increasing popularity of Aylmer Vegetable Juices and Aylmer Tomato Juice Cocktail.

