

Canadian Cannery

LIMITED

Annual Report

2302

FOR THE YEAR ENDING FEBRUARY 28

1946



Hamilton, Ontario,
May 1st, 1946.

TO THE SHAREHOLDERS OF
CANADIAN CANNERS LIMITED,

The Twenty-third Annual Report of the Company for year ending February 28, 1946, together with the report of the Auditors is submitted herewith by the Board of Directors.

Dividends paid during the year were \$700,680.16.

Notwithstanding the unfavourable crops in most of the staple lines as well as fruits, the total production was only about 15% lower than that of the previous year.

The increases in the Inventory of Manufactured Goods and Supplies at February 28, 1946, are accounted for by a larger inventory of supplies required for the coming year's operations. The demand for our products was greatly in excess of our ability to supply, consequently our stocks at May 1st are practically exhausted and there will be little to carry into the 1946-47 season.

Our acreage contracts for this year are in excess of those of last year. At the present time the weather conditions are favourable and it is possible that production may run into large figures. The demand for our products is still very heavy and we anticipate that everything produced will be required this year.

The healthy condition of our Current Assets will be helpful in enabling us to put into effect expansion plans which are now under consideration and awaiting a more favourable period. While there are a number of changes in the individual items, the ratio between the Current Assets and Current Liabilities remains about the same.

The refundable portion of the Excess Profits Tax now stands at \$937,000.00 compared with \$712,000.00 the previous year. It will be noticed this item is not included in the statement of Profit and Loss.

It is interesting to note that the margin of profit on our sales — and with one turnover a year — is very reasonable, figuring this year at around four-tenths cents per unit. While export sales were greater this year over those of the previous year, they could have been larger but at the expense of domestic requirements.

Although Government taxes are still very high, they are lower than those of last year, due in part to reduced earnings by some of the subsidiaries on account of cessation of wartime requirements, restrictions on the use of sugar, etc.

Increase in Property Account is for additional equipment required to insure efficient and increased production.

Serial Notes have been reduced during the year by \$250,000.00, and a further reduction of \$250,000.00 was made on May 1st, leaving outstanding at this time \$1,000,000.00.

It will be noticed that a further amount has been set aside for the Employees' Benefit Fund.

The sum of \$200,000.00 has been transferred to the Investment and Contingent Reserve.

Your Directors wish to record their appreciation of the loyal and faithful service rendered by the entire Staff throughout the year, which was a most difficult one to operate in, due to shortage in crops and supplies, and other factors.

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS AND
EARNED SURPLUSES FOR THE FISCAL YEAR
ENDED FEBRUARY 28, 1946**

PROFIT from operations after deducting all expenses of manufacturing, selling, administration and taxes (See Note 1)....	\$ 1,010,012.76
Interest on serial notes	29,118.59

Net Profit for the year	<u>\$ 980,894.17</u>
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EARNED SURPLUSES as at March 1, 1945..	3,464,801.27
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	<u>\$ 4,445,695.44</u>
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LESS:

Amount provided for Employees' Bene- fit Fund	50,000.00
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	<u>\$ 4,395,695.44</u>
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LESS Dividends paid during year:

First Preference Shares	\$229,050.00
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Convertible Preference Shares	340,468.51
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Common Shares	131,161.65
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	<u>700,680.16</u>
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	<u>\$ 3,695,015.28</u>
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**EARNED SURPLUSES as at February 28,
1946:**

Reserve for redemption of Preference Shares	\$ 682,754.63
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Investment and Contingent Reserve	1,950,000.00
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Earned Surplus Account (See Note 2) ..	1,062,260.65
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	<u>\$ 3,695,015.28</u>
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NOTE 1: The above profits from operations are after providing \$550,000.00 for depreciation of plants, \$2,085,000.00 for income and excess profits taxes (including refundable portion \$225,000.00), \$78,143.24 for other taxes, \$11,000.00 for directors' fees and \$89,358.56 for legal fees and executive salaries.

NOTE 2: After transferring \$200,000.00 to Investment and Contingent Reserve.

On behalf of the Board,

W. R. DRYNAN,
President.

CANADIAN CANNERS LIMITED

AND

SUBSIDIARY COMPANIES

Consolidated Balance Sheet — February 28, 1946

ASSETS

CURRENT

Cash on hand and in banks	\$ 343,281.62	
Marketable securities—Government Bonds at cost (Market value \$2,650,000.00)	2,557,550.00	
Accounts and bills receivable, less reserve	951,718.18	
Manufactured goods, raw materials and supplies, priced at approximate cost, as determined and certified to by responsible officials, less reserve	6,840,115.42	
Unexpired insurance, etc.	17,320.61	
	<hr/>	\$ 10,709,985.83
SHARES held for account Employees' Stock Participation		19,650.85
REFUNDABLE portion of Excess Profits Tax		937,000.00

PROPERTY ACCOUNT

Land, buildings and plants based, chiefly, on appraised sound values as reported by Canadian Appraisal Company Limited in 1923, plus the cost of subsequent additions		15,448,573.15
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INTANGIBLES

Value carried in books in respect of companies' brands, trade marks, processes, goodwill, etc.		3,242,619.47
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\$ 30,357,829.30

LIABILITIES

CURRENT

Accounts payable and accrued liabilities	\$1,987,763.22	
Interest accrued on Serial Notes	9,323.20	
Reserve for income, excess profits and other taxes	1,680,657.10	
	<hr/>	\$ 3,677,743.52
SERIAL NOTES maturing 1946 to 1950		1,250,000.00

FUNDED DEBT

First Mortgage Bonds, Series A—
Authorized, but not issued—\$1,500,000.00.

RESERVE FOR EMPLOYEES' BENEFIT FUND		100,000.00
GENERAL AND DEPRECIATION RESERVE		9,973,658.45

Five Per Cent. Cumulative Preference Stock (callable at \$23 on 60 days' notice from the Company, subject to the shareholders' right of conversion, share for share, into Common)— Authorized—213,020 shares at \$20.00 each—\$4,260,400.00. Issued—190,877½ shares		\$3,817,550.00	
Convertible Preference Stock (callable at \$20 on 60 days' notice from the Company, subject to shareholders' right of conversion, share for share, into Common)— Authorized—390,338 shares, having no nominal or par value, of which 351,881 shares are issued.	}		
Common Stock— Authorized—400,840 shares, having no nominal or par value, of which 140,813 shares are issued		\$6,762,316.68	
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	
		<u>6,906,862.05</u>	10,724,412.05
SURPLUSES			
Deferred Surplus—refundable portion of Excess Profits Tax		\$ 937,000.00	
Earned Surpluses—			
Reserve for redemption of Preference Shares		\$ 682,754.63	
Investment and Contingent Reserve		1,950,000.00	
Earned Surplus account		1,062,260.65	
		<u>3,695,015.28</u>	4,632,015.28
			<u>\$ 30,357,829.30</u>
On behalf of the Board, AVERN PARDOE, Director.			W. R. DRYNAN, Director.

AUDITORS' REPORT

To the Shareholders of
CANADIAN CANNERS LIMITED:

Toronto, Ontario,
April 30, 1946.

We have examined the books and accounts of Canadian Canners Limited and its subsidiary, Canadian Canners (Western) Limited, for the year ended February 28, 1946, and have been furnished with Balance Sheets of the remaining Subsidiary Companies, duly certified, and we report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up and exhibits a true and correct view of the state of the combined Companies' affairs according to the best of our knowledge, and the explanations given to us and as shown by the books and statements submitted. We have obtained all the information and explanations we have required.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

CANADIAN CANNERS LIMITED

HEAD OFFICE: HAMILTON, ONTARIO, CANADA

Directors

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

P. CROUCHER, Secretary-Treasurer.

Auditors

PRICE, WATERHOUSE & CO., Chartered Accountants.

Owning and Operating

CANNING AND PRESERVING FACTORIES

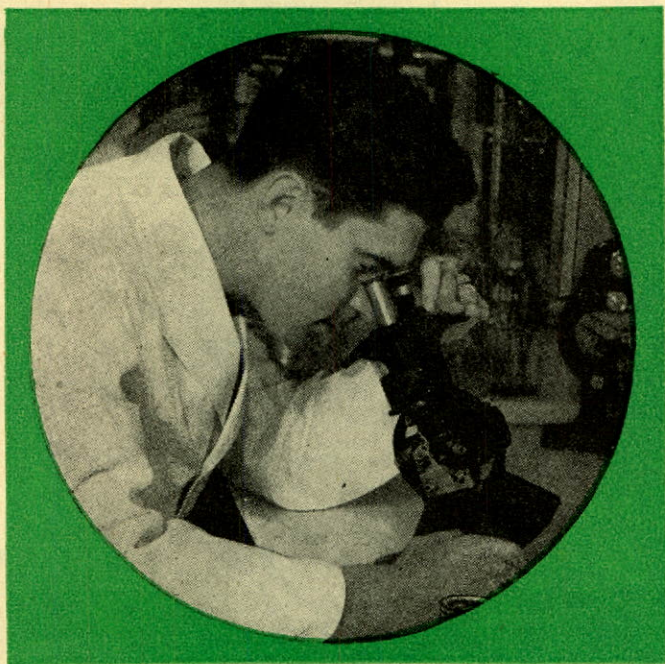
- In Ontario—Aylmer, Amherstburg, Alvinston, Brighton, Beamsville, Burford, Burlington, Belle River, Bloomfield, Blenheim, Bowmanville, Chatham, Cobourg, Colborne, Consecon, Delhi, Dresden, Dunnville, Exeter, Fonthill, Forest, Frankford, Grimsby, Grafton, Hamilton, Hillier, Highgate, Jordan Station,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

FARMS

- In Ontario—Counties: Brant, Elgin, Huron, Hastings, Lincoln, Lambton, Northumberland, Prince Edward, Rainy River District.

SUBSIDIARIES

Canadian Canners (Western) Limited.
Canners Machinery, Limited, Simcoe and Aylmer, Ont.
Cider and Vinegar Plant, Brighton, Ont.
Research Laboratory, Hamilton, Ont.
Pembroke Shook Mills Limited, Pembroke, Ont.
Canners Seeds Limited, Wellington, Ont.
Wagstaffe Limited, Hamilton, Ont.



Research

. . . AN IMPORTANT ELEMENT IN AYLMER LEADERSHIP

● To keep Aylmer products in the forefront of public favor, a continuous program of research is carried on by the Aylmer Research Laboratory. Maintaining quality on existing Aylmer products is the main job of this group of scientific specialists. But the seeking of new and better methods of growing, processing and packing, as well as constant experiment on new products for future expansion, is also a reason why the Aylmer Research Laboratory is a busy adjunct of the Main Office, Hamilton.



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