

CANADIAN CANNERS

Limited

HAMILTON CANADA



HEAD OFFICES OF CANADIAN CANNERS LIMITED
AT HUGHSON STREET SOUTH, HAMILTON, ONTARIO

NINETEENTH ANNUAL REPORT

for the YEAR ENDED
FEBRUARY 28, 1942

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Hamilton, May, 4, 1942.

TO THE SHAREHOLDERS OF
CANADIAN CANNERS LIMITED.

The Annual Report of the Company for the year ended February 28, 1942, together with the report of the Auditors is submitted herewith by the Board of Directors.

STATEMENT OF CONSOLIDATED PROFIT AND LOSS
AND EARNED SURPLUSES FOR THE FISCAL
YEAR ENDING FEBRUARY 28, 1942

PROFIT from operations after deducting all expenses of manufacturing, selling, administration and taxes....	\$ 1,226,409.89
Interest on funded debt	103,100.00
Net profit for the year	<u>\$ 1,123,309.89</u>
EARNED SURPLUSES as at March 1, 1941	\$ 2,220,500.36
Less Convertible Preference Stock redeemed	37,918.75
	<u>\$ 2,182,581.61</u>
	\$ 3,305,891.50
LESS Dividends paid during year:	
First Preference shares	\$ 229,050.00
Convertible Preference shares	290,752.40
Common shares	68,891.96
	<u>588,694.36</u>
	<u>\$ 2,717,197.14</u>
EARNED SURPLUSES as at February 28, 1942:	
Reserve for redemption of Preference shares	\$ 302,081.25
Investment and Contingent Reserve	\$ 1,500,000.00
Earned Surplus (after transferring \$250,000.00 to Investment and Contingent Reserve and \$170,000.00 to Reserve for redemption of Preference Shares)	915,115.89
	<u>2,415,115.89</u>
	<u>\$ 2,717,197.14</u>

NOTE: The above profits from operations are after providing \$450,000.00 for depreciation of plants, \$1,300,000.00 for income and excess profits taxes, \$88,415.77 for other taxes, \$10,000.00 for directors' fees and \$67,691.26 for legal fees and executive salaries.

Dividends—Dividends were paid during the year at the rate of 5% per annum on the First Preference Stock plus a participating dividend of 5c per share per quarter; 80c per share on the Convertible Preference Stock and 50c per share on the Common Stock.

Production—Our Production and Sales this past year were the heaviest on record, and this is reflected in the statement now presented to the shareholders.

Our sales were mostly for domestic requirements, the only exception being three subsidiaries which are operating on war work almost exclusively. Our export business, while in excess of the previous year, was still below average due to prohibitions in countries of import.

For the past three years we have budgetted each year for packs to the limit of our capacity. All factories are being used for one purpose or another.

We are fortunate in having our factories located at the sources of supply and near centres of distribution, which enables us to quickly adjust ourselves to changed conditions.

The fact that quality has never been sacrificed for price has placed us in an outstanding position as regards outlet for our products, which we have been marketing at very reasonable prices. Our per unit (can) profit this past year—exclusive of profits of our subsidiaries not engaged in canning, of which there are six—is only slightly over one-half cent per tin; in our opinion a very modest margin, particularly as there is only one turnover a year.

Our larger turnover has enabled us to contribute to the Government in the way of taxes nearly double that of last year, and more than twice the amount paid in dividends.

This coming year arrangements are being made to operate to capacity, and we are assured of the necessary containers for essential foods. Contracts have been made with growers for our requirements. Given favorable weather and sufficient factory help, production should not be very far short of that of last year.

Assets—Inventories are much heavier than last year. The Manufactured Goods are fairly well sold up. Supplies, etc., will be required for this year's production.

The increase in Property Account amounting to \$267,649.81 is due to expansion and the installation of labor-saving machinery, etc., required for the larger increase in production.

Liabilities—Accounts Payable are heavier than last year due to purchases of supplies made well in advance of the packing season.

The serial 3% bonds were reduced by \$180,000.00 during the year, and the balance of these serial bonds, viz, \$180,000.00, was paid on May 1st of this year.

Following the policy advised to shareholders in last year's statement, a further \$170,000.00 has been allocated for redemption purposes.

Staff—Quite a large number of our staff are now on active service and more are going out every day, which is putting quite a strain on our older men. This past year in particular, was a very trying one, but the staff responded nobly and again evidenced their outstanding loyalty.

On behalf of the Board.

W. R. DRYNAN,
President.

CANADIAN CANNERS LIMITED

AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet—February 28, 1942

ASSETS

CURRENT	
Cash on hand and in banks	\$ 849,005.77
Marketable securities—Government Bonds, (at cost)	500,000.00
Accounts and bills receivable, less reserve	2,383,804.04
Manufactured goods, raw materials and supplies, priced at approximate cost, as determined and certified to by responsible officials, less reserve	6,145,171.93
Unexpired insurance, etc.	22,103.26
	\$ 9,900,085.00
AMOUNTS provided for purchase of shares for account Employees' Stock Participation, less contributions by Company, collections from employees, etc.	22,081.59
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	14,128,712.44
INTANGIBLES	
Value carried in books in respect of companies' brands, trade marks, processes, goodwill, etc.	3,242,619.47
	\$ 27,293,498.50

LIABILITIES

CURRENT	
Accounts payable and accrued liabilities	\$ 1,792,619.91
Bond interest accrued	34,066.66
Reserve for income, excess profits and other taxes	1,522,246.08
	\$ 3,348,932.65

FUNDED DEBT

First Mortgage Bonds, Series A—Authorized	\$5,000,000.00
Issued—	
Serial Three Per Cent. First Mortgage Bonds, maturing May 1, 1937-1942	\$ 1,080,000.00
Less redeemed	900,000.00
Convertible Four Per Cent. Fifteen-Year Sinking Fund First Mortgage Bonds maturing May 1, 1951	180,000.00
	9,490,000.00

2,600,000.00
7,902,956.66

GENERAL AND DEPRECIATION RESERVE
CAPITAL STOCK

Five Per Cent. Cumulative First 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 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—394,965 shares, having no nominal or par value, of which 359,537 shares are issued.

Common Stock—

Authorized—400,840 shares, having no nominal or par value, of which 137,784 shares are issued

6,801,643.30

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

105,218.75

6,906,862.05

10,724,412.05

EARNED SURPLUSES

Reserve for redemption of Preference Shares
Investment and Contingent Reserve

302,081.25

1,500,000.00

Earned Surplus (after transferring \$250,000.00 to Investment and Contingent Reserve and \$170,000.00 to Reserve for redemption of Preference Shares)

915,115.89

2,415,115.89

\$ 27,293,498.50

On behalf of the Board,
AVERN PARDOE,
Director.

W. R. DRYNAN,
Director.

To the Shareholders of
CANADIAN CANNERS LIMITED:

Toronto, Ontario,
May 4, 1942.

We have examined the books and accounts of Canadian Canners Limited and its subsidiary, Canadian Canners (Western) Limited, for the year ending February 28, 1942, 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.

AUDITORS' REPORT

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.
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, Emo, 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, Simeoe, St. Catharines, Strathroy, St. Davids, Stoney Point, Tilbury, Thamesville, Vineland, Waterford, Waterdown, Wellington, West Lorne, West Lake.

In Quebec—St. Isidore, St. Hyacinthe, Chambly.

In Nova Scotia—Middleton.

In British Columbia—Vancouver, Mission, Asheroft, Kelowna (2), Penticton, Oliver, Keremeos, Lulu Island.

FARMS

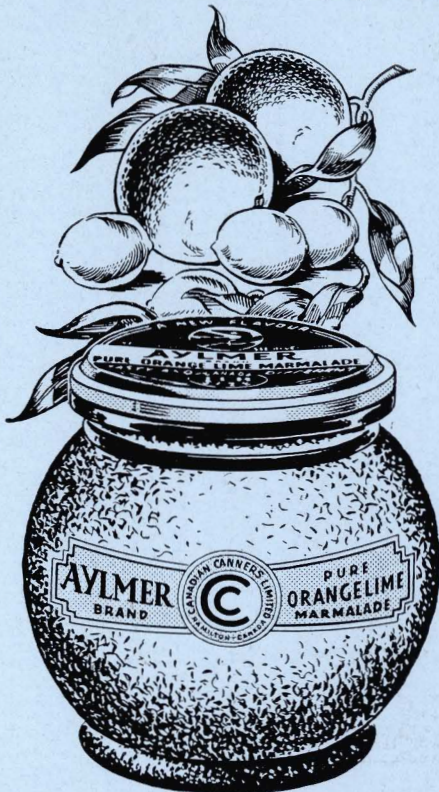
In Ontario—Counties: Brant, Elgin, Huron, Hastings, Lincoln, Lambton, Northumberland, Prince Edward, Rainy River District.

SUBSIDIARIES

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



(Wagstaffe Ltd. Factory)



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CANADIAN CANNERS LIMITED

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