

FARMERS' BUSINESS ORGANIZATIONS IN CANADA

By
A. E. RICHARDS,
Agricultural Economist

DOMINION OF CANADA
DEPARTMENT OF AGRICULTURE

BULLETIN No. 173—NEW SERIES

DIVISION OF MARKETING
AGRICULTURAL ECONOMICS BRANCH

Printed by direction of the Hon. ROBERT WEIR, Minister of Agriculture,
Ottawa, 1934

630.4
C212

B 173
new ser.

c.1 = 630.4
c.2 = 334

FOREWORD

THE contents of this report are based on information obtained from farmers' business organizations in Canada in 1932 and is now being made available to those interested in co-operative development. It is the intention of the Economics Branch to prepare periodically a list of the names and location of farmers' business organizations in Canada which may be coupled with such a report as this. The last available listing was prepared by joint arrangement with the Department of Labour and published by that Department in 1932 as the Fifth Annual Report of Co-operative Associations in Canada.

Acknowledgment to Co-operating Organizations

This report has been prepared and made possible by the co-operation of farmers' business organizations in all parts of Canada whose officers have completed and forwarded a record of their business operations. It is the desire of the department to express appreciation for that assistance. The business of each co-operating organization is included in this consolidated report. It is a part of a large business and the combined strength of organization is arresting. It is the purpose of the branch to be more than a collecting agency and a storehouse for records. As far as possible individual records are analysed and comparisons made with companies in the same type of business. This has been undertaken to a certain extent with a number of dairy and fruit companies and will be extended to other commodity groups. In order that the work be reliable and of most value, promptness, completeness and accuracy of statement on the part of those solicited is required.

CONTENTS

	PAGE
Foreword.....	1
Acknowledgment to Co-operating Organizations.....	1
Introduction.....	5
Summary of Business Operations.....	5
Co-operating Agencies.....	6
The Annual Return.....	6
Scope and Method.....	7

PART I

CO-OPERATIVE ORGANIZATION IN CANADA

Development.....	8
Marketing associations outnumber purchasing.....	9
Dairy.....	10
Fruits and vegetables.....	10
Live stock.....	10
Seed and grain.....	11
Membership and Volume of Business.....	12
Co-operative Organization in the Provinces.....	12
British Columbia.....	15
Fruits and vegetables.....	15
Dairy.....	16
Purchasing.....	16
Alberta.....	17
Seed and grain.....	17
Dairy.....	18
Live stock.....	19
Purchasing.....	19
Saskatchewan.....	20
Seed and grain.....	20
Live stock.....	21
Poultry.....	21
Dairy.....	21
Purchasing.....	22
Miscellaneous.....	22
Manitoba.....	22
Seed and grain.....	22
Live stock.....	23
Dairy.....	23
Poultry.....	23
Purchasing.....	24
Ontario.....	24
United Farmers' Co-operative Company Limited.....	24
Dairy.....	25
Fruits and vegetables.....	25
Live stock.....	26
Honey.....	26
Purchasing.....	26
Quebec.....	26
Coopérative Fédérée de Québec.....	27
Dairy.....	28
Miscellaneous.....	28

	PAGE
New Brunswick.....	28
Dairy.....	28
Live stock.....	29
Poultry.....	29
Purchasing.....	29
Nova Scotia.....	30
Fruits and vegetables.....	30
Dairy.....	31
Live stock and poultry.....	31
Purchasing.....	31
Prince Edward Island.....	32
Dairy.....	32
Fruits and vegetables.....	32
Live stock.....	33
Poultry.....	33
Seed and grain.....	33
Interprovincial Co-operative Organizations.....	34
The Canadian Livestock Co-operative (Maritimes).....	34
The Canadian Poultry Pool Limited.....	34
The United Grain Growers Limited.....	34
The Canadian Co-operative Wool Growers Limited.....	35
Legal Status and Control Policies.....	36
Incorporation.....	36
Pooling of farm products.....	37
Contracts.....	37
Dividends.....	38

PART II

BUSINESS ANALYSIS

	PAGE
The Application and Purpose of Comparative Analysis.....	39
Analysis of the Combined Operations of Twenty-five Co-operative Dairy Companies in Canada.....	39
Comparative Operating Percentages and Unit Costs of Six Co-operative Dairy Companies in Canada.....	43
Analysis of the Operations of Nine Co-operative Dairy Companies in British Columbia..	45
Analysis of the Operations of Eight Co-operative Dairy Companies in Alberta, Saskatchewan and Manitoba.....	48
Analysis of the Operations of Eight Co-operative Dairy Companies in Ontario and Nova Scotia.....	50
Analysis of the Operations of Ten Co-operative Fruit Companies in British Columbia....	53
Analysis of the Operations of Ten Co-operative Fruit Companies in Nova Scotia....	58
Appendix: Specimen Copy of Annual Return.....	62

Farmers' Business Organizations in Canada

A. E. RICHARDS*

INTRODUCTION

Records and statistics properly tabulated and summarized form a basis for investigation and comparative analysis in economic research. Such basic information with respect to the activities of farmers' business organizations for the whole of Canada has not hitherto been available. In certain provinces a record of co-operative activities is obtained each year but in others, with the exception of a return to the Registrar of Companies, no contact has been maintained. For several years the Labour Department of the Dominion Government with the assistance of some of the provinces obtained certain information concerning the movement for the purpose of compiling an annual directory. There has, however, been no co-ordinating agency to deal with the accumulation of economic and statistical data necessary for treatment of the subject on a national basis or for the study of experiences and accomplishments in particular fields of activity.

Since one of the purposes for which the Economics Branch was established was to study the farmers' co-operative movement it was felt that the first step to take should be the acquisition of all the information possible on the activities of such agencies in Canada. To that end arrangements were made for a survey of existing organizations. Information was sought from all farmer-owned and controlled associations, companies, societies and clubs, actively engaged in business regardless of their methods of operation or form of organization. The information thus obtained is summarized in the following pages. It is expected that such a survey will be undertaken annually or at intervals of a few years and that the information thus obtained will form the basis of a permanent record of co-operative activities.

Research and analysis which these records will make possible, supplemented by more detailed studies of special organizations, should provide information which will eventually lead to more successful operation of farmers' associations, many of which have been organized or supported by government bodies. It should give support and co-ordination to the work already undertaken by other agencies, provincial and federal. Continuity of work over a period of years and especially covering this period of economic stress should be significant and of considerable historical value.

SUMMARY OF BUSINESS OPERATIONS

Information obtained by the branch in connection with the survey of farmers' business organizations shows that of the companies at present active 159 were established within the period from 1880 to 1915. During the next decade and up to the present time organization in business by farmers has made steady growth in numbers, membership and business transacted. The activities of the larger organizations such as wheat pools, live stock and fruit co-operatives have reached a high stage of development, and have received world wide recognition but the combined strength of organization in business of farmers in Canada has never been revealed. There are hundreds of comparatively small organizations which are working quietly and effectively serving local areas which are being discovered and recognized in this survey.

*Agricultural Economist, Dominion Department of Agriculture, Ottawa.

This report covering the business year of 1931 deals with the activities of 795 farmers' business organizations having 2,706 local branches making a total of 3,501 places of business. The shareholders and members financially interested number 379,687. The total investment of shareholders and members amounts to \$38,643,598 exclusive of reserves of \$7,732,027. Combined assets total \$70,-226,288 with plant and equipment valued at \$45,607,366.

Sales of farm products for the period under review amounted to \$134,611,154. The sales value of supplies purchased totalled \$10,665,503 and other receipts \$27,297, which combined means a total business of \$145,303,954. It should be kept in mind that this was a period of low prices with the index of farm prices standing at nearly 50 per cent below the 1926 level.

The farm produce marketed co-operatively in Canada as taken from returns received is given as an estimate. Whole milk handled amounted to 1,994,056 hundredweight, butter 34,357,329 pounds, cheese 19,324,907 pounds, apples 2,356,308 boxes and 675,019 barrels, potatoes 809,951 hundredweight. Live stock handlings totalled 3,496,647 hundredweight, poultry 12,341,822 pounds and eggs 16,424,822 dozen, and grain marketed is estimated at 175,580,591 bushels.

CO-OPERATING AGENCIES

For a number of years the Department of Labour solicited information from co-operatives throughout Canada which was classified, compiled and published in an annual report on Co-operative Associations in Canada. The report consisted mainly of a list of associations with a number of descriptive articles and a brief summary of the business of each company. A number of provincial Departments of Agriculture in Canada have collected records on co-operative activity for several years, although only the two provinces, Saskatchewan and Quebec, publish a report.

Cognizant of the agencies already in the field and with a desire to avoid duplication of effort, the Economics Branch took steps to work out a plan whereby each department would receive the information it desired without overlapping. Conferences were held with the Department of Labour, the Registrars of Co-operative Associations in each of the provinces and a number of the larger marketing and purchasing associations throughout Canada were visited in 1931. Co-operation was willingly offered and a suitable plan worked out in each province and with the Department of Labour. Although methods of collecting records in the respective provinces vary, there is uniformity in the final result. In four provinces the provincial departments collect statistics which are transferred to Ottawa. In the other provinces solicitation is direct from Ottawa.

THE ANNUAL RETURN

The information contained in this study was obtained by mailed questionnaire similar to the specimen form in the appendix of this report. The questionnaire deals with questions relating to officers, affiliations, organization, financial structure and volume of business. Supplemented with a copy of the complete financial statement and literature published during the year this gave a fairly good review of the business activity of each association under study.

Simplicity and practicability have been kept in mind in tabulation and summarization. The provisional classification consists of three broad divisions, viz. Marketing, Purchasing, and Miscellaneous. Under these three headings all returns so far received have been grouped. The Marketing Division is further subdivided into commodity groups of Live Stock, Wool, Dairy Products, Poultry, Fruit and Vegetables, Seed and Grain, and Miscellaneous. This classification is followed for each province and on a national basis so that the branch should be in a position to state, not only the amount and value of dairy products handled by farmers' business organizations in the provinces of Nova Scotia or Alberta but for Canada as a whole. This will apply to all other farm commodities.

SCOPE AND METHOD

Problems to which the Economics Branch is giving attention are uniformity in financial statements, credit operations, financing, price and sales policies, and advertising. Legal phases, membership and contractual relations, present problems and the scope of the work naturally extends to distribution costs. In this study of farmers' business organizations attention is given to comparative financial analysis within commodity groups. The Economics Branch thus provides a research laboratory in fact finding and impartial analysis. When the file of records is fully established it will provide a directory and the branch will be in a position to act as a consulting agency for farmers' organizations and those interested in their development.

PART I

CO-OPERATIVE ORGANIZATION IN CANADA

This section of the report deals with a summary of the activities of farmers' business organizations under commodity and provincial groupings with brief historical and descriptive notes on a number of co-operative companies.

Tables 1 and 2 present a record of establishment of farmers' business organizations engaged in active business under their present registered names. Only companies reporting year of organization on their return are included. There are still a considerable number of active associations in Canada which did not reply to the request for information and for that reason are not included in this report. This summary is not intended to be a complete historical record of the development of co-operation among farmers in Canada. A number of early organizations no longer exist. Others such as the co-operative grain marketing associations have changed their original names or through amalgamation or re-organization have altered their charters. The tabular record dates the associations from their last reorganization.

TABLE 1.—RECORD OF GROWTH IN FIVE YEAR PERIODS OF FARMERS' BUSINESS ORGANIZATIONS, (INCLUDING BRANCHES) REPORTING YEAR OF ORGANIZATION AND ACTIVE IN 1932 IN EACH PROVINCE AND THE DOMINION OF CANADA

—	British Columbia	Alberta	Saskat- chewan	Manitoba	Ontario	Quebec	New Brun- swick	Nova Scotia	Prince Edward Island	Canada
1881-1885.....									1	1
1886-1890.....									1	1
1891-1895.....							1	1	3	5
1896-1900.....	1				1		2	1	6	11
1901-1905.....	2				2				1	5
1906-1910.....			1	1	3	1		9		15
1911-1915.....	13	4	40	1	19	14	3	24	3	121
1916-1920.....	13	169	81	36	51	14	12	13	41	430
1921-1925.....	32	80	133	64	26	6	23	31	14	409
1926-1930.....	22	495	1,203	264	14	31	69	83	37	2,218
1931.....	5	3	17	2	4	20		7	1	59
Total.....	88	751	1,475	368	120	86	110	169	108	3,275

In order to give a more complete picture of co-operative activity throughout Canada, branches and local shipping associations are included in this summary. One must however combine this information with membership figures in Table 4 to properly judge the extent of provincial organization. This will apply particularly to Ontario and Quebec where associations are centrally organized with large memberships.

Space will not permit a discussion of early co-operative history in Canada or comments on the growth of individual associations. Below are listed chronologically the three earliest co-operative associations reporting to the branch in each province which were organized by farmers for the purpose of marketing their products or purchasing supplies.

BRITISH COLUMBIA

1897—Salmon Arm Farmers' Exchange, Salmon Arm: marketing fruit and vegetables and the purchase of supplies.

1901—Comox Creamery Association, Courtenay: marketing dairy products.

1903—Nanaimo Creamery Association, Nanaimo: marketing dairy products.

ALBERTA

- 1913—Strome District Association, Strome: purchase of supplies.
 1915—Crossfield Co-operative Association, Crossfield: marketing live stock.
 1915—Blackie Co-operative Association Limited, Blackie: purchase of supplies.

SASKATCHEWAN

- 1908—Wauchope Co-operative Association Limited, Wauchope: purchase of supplies.
 1912—Briercrest Co-operative Association Limited, Briercrest: purchase of supplies.
 1912—Hutton Co-operative Association Limited, Ryerson: purchase of supplies.

MANITOBA

- 1907—North Star Co-operative Creamery Association, Arborg: marketing dairy products.
 1915—Manitoba Agricultural College Co-operative Association Limited, Winnipeg: purchase of supplies.
 1917—United Grain Growers Limited, Winnipeg: marketing grain.

ONTARIO

- 1899—Champion Cheese and Butter Co-operative Company Limited, Eldorado: marketing dairy products.
 1904—Ilderton Co-operative Fruit Association Limited, Ilderton: marketing fruit.
 1905—Georgian Bay Fruit Growers Limited, Thornbury: marketing fruit.

QUEBEC

- 1910—Coopérative Fédérée de Québec, reorganized 1923, Montreal: marketing and purchasing.
 1911—Société Coopérative Agricole de St. Charles, St. Charles (Bellechasse): marketing dairy products.
 1912—Société Coopérative Agricole de St. Augustin, St. Augustin, Co. Portneuf: marketing miscellaneous.

NEW BRUNSWICK

- 1892—Harvey Farmers' Trading Company, Coburn: purchase of supplies.
 1898—Sussex Cheese and Butter Company Limited, Sussex: marketing dairy products.
 1898—Mount Middleton Cheese and Butter Company, Sussex: marketing dairy products.

NOVA SCOTIA

- 1894—Acadia Dairy Company Limited, Wolfville: marketing dairy products.
 1900—Scotsburn Creamery Company Limited, Scotsburn: marketing dairy products.
 1908—Annapolis Valley Fruit and Produce Company Limited, Lawrencetown: marketing fruit.

PRINCE EDWARD ISLAND

- 1885—Stanley Bridge Dairying Company Limited, Stanley Bridge: marketing dairy products.
 1890—Hamilton Cheese Factory, Kensington: marketing dairy products.
 1892—The New Perth Dairying Company Limited, New Perth: marketing dairy products.

Marketing Associations Outnumber Purchasing

Available records indicate that the most important early activity of farmers in the field of co-operation was directed toward the marketing of farm products and to-day, in terms of places of business and total membership outnumber farmers' purchasing associations by 10 to 1. In the matter of volume of business marketing associations transact twenty times the business handled by purchasing agencies. Membership in the co-operative marketing associations which reported to the Economics Branch numbered 318,597 persons as compared with 30,546 members in purchasing organizations. The total annual business amounted to \$138,025,004 for the marketing companies compared with \$7,278,950 for the purchasing group. Interest in the co-operative purchasing of feedstuffs, equipment and supplies for the farm, however, dates back to the early years of co-operative development in Canada. At Coburn in York County, New Brunswick, the Harvey Farmers' Trading Company started in business in 1892 for the co-operative purchasing of feeds and general merchandise and is still carrying on an active business. Very early in Saskatchewan's co-operative marketing history, farmers organized for the collective buying of supplies. The company

reporting earliest activities among those now operating is the Wauchope Co-operative Association Limited, organized in 1908. Between 1908 and 1915 forty-one co-operative purchasing associations, which are still active, were formed and their number has steadily increased to over 200 associations.

Dairy Co-operatives

Of the companies still engaged in active business, which reported to the branch, the earliest record of co-operative organization for the handling and sale of farm products is credited to Prince Edward Island. Eleven co-operative dairy companies still in existence in that province report establishment between the years 1885 and 1900. Coincident with this early development or shortly after, co-operative dairies were established in other provinces, and to-day are performing a useful service for their farmer patrons throughout the Dominion.

Fruits and Vegetables

Of the 110 companies classified under fruits and vegetables the first to be established was the Salmon Arm Farmers' Exchange at Salmon Arm, B.C., in the year 1897. Available records do not explain whether the company was organized for the marketing of farm products or the purchase of supplies. To-day it is doing a large business in each field of activity. For the province of Ontario, the Ilderton Co-operative Fruit Association Limited, Ilderton, reports establishment in 1904 and at Thornbury in the following year the Georgian Bay Fruit Growers Limited was organized. Among the returns from fruit co-operatives in Nova Scotia, the Annapolis Valley Fruit and Produce Company Limited, Lawrencetown, reports organization in 1908. The years 1910 to 1915 mark a period of active development in the co-operative marketing of fruit in the provinces of Nova Scotia and British Columbia, during which time 29 associations were formed.

TABLE 2.—RECORD OF GROWTH IN FIVE YEAR PERIODS UNDER COMMODITY GROUPS OF FARMERS' BUSINESS ORGANIZATIONS, (INCLUDING BRANCHES) REPORTING YEAR OF ORGANIZATION AND ACTIVE IN 1932, FOR THE DOMINION OF CANADA

—	Dairy	Fruit and vegetables	Live stock	Poultry	Seed and grain	Purchasing	Miscellaneous	Total all groups
1881-1885.....	1							1
1886-1890.....	1							1
1891-1895.....	4					1		5
1896-1900.....	10	1						11
1901-1905.....	3	2						5
1906-1910.....	3	7				4	1	15
1911-1915.....	17	26	7	2		58	11	121
1916-1920.....	24	3	11	39	228	99	26	430
1921-1925.....	12	35	38	57	218	37	12	409
1926-1930.....	16	22	300	73	1,694	94	19	2,218
1931.....	3	5	4	6	8	22	11	59
Total.....	94	101	360	177	2,148	315	80	3,275

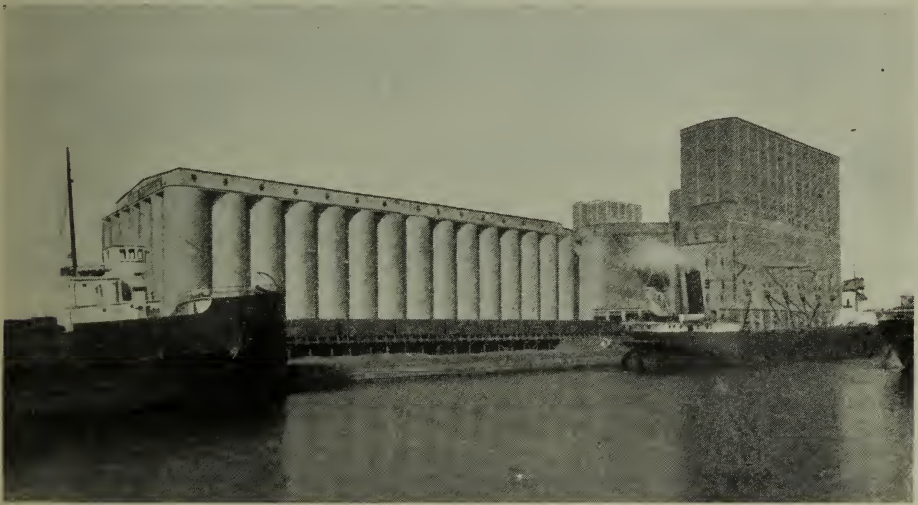
Live Stock

Co-operative organization in the live stock and poultry industry came later than other commodity groups. The live stock marketing association recording earliest establishment is the Omemee Farmers' Club at Omemee, Ontario, formed in 1912. In the year following the Wilberforce Farmers' Club at Eganville, Ontario, was formed and at Crossfield, Alberta, the Crossfield Co-operative Association reports establishment in 1915. In 1914 with the organization of the United Farmers' Co-operative Company Limited the co-operative marketing of live stock in Ontario was developed on a provincial-wide basis. Coincident with this development, the Alberta Co-operative Elevator Company in 1913 and the Grain Growers' Grain Company in 1916 provided channels through

which co-operative shipments of live stock could be moved. Later provincial organizations were formed and in 1929 these became affiliated with the Canadian Livestock Co-operative with central offices at Montreal and branches in every province with the exception of British Columbia. Approximately 65,000 members contributed to its business through 320 local shipping associations.

Seed and Grain

Of the seed and grain associations still in active business under their present registered company names, the United Grain Growers Limited is credited with the longest life. This company came into existence in 1917 through the amalgamation of the Grain Growers Grain Company which was organized in 1906 and operated in Manitoba and Saskatchewan and the Alberta Farmers' Co-operative Elevator Company established in 1913. At the present time this company owns 466 country elevators and operates terminal facilities at Port Arthur and Vancouver.



Terminal Elevator No. 4, Port Arthur. Capacity 6,500,000 bushels. Owned by the Saskatchewan Wheat Pool.

In 1923 the Alberta Wheat Pool was formed. Its growth has been steady. The report for 1932 shows that over 40,000 members contribute to its business through 439 country elevators. In 1924 the Manitoba Co-operative Wheat Producers Limited was incorporated to act as sales agency for the local co-operative elevator associations which had increased in 1931 to 153 associations with a combined membership of 10,000. In that year the "set up" was re-organized and since then the Manitoba Pool Elevators Limited, the former subsidiary of the pool, has acted as the marketing agent of the local associations.

The Saskatchewan Co-operative Wheat Producers Limited, which was organized in 1924, took over the property and holdings of the Saskatchewan Co-operative Elevator Company Limited in 1926 and has grown into the largest farmer-owned business which is listed in the Branch records. Producer shareholders in this company number over 100,000 with an investment of over \$21,500,000. The volume of grain handled has averaged about 115 million bushels annually during the period 1925 to 1931.

MEMBERSHIP AND VOLUME OF BUSINESS

Statements from farmers' business organizations in Canada which reported their activities to the Economics Branch in 1932 are grouped according to commodities handled and summarized in Table 3. The three main divisions in the classification are Marketing, Purchasing and Miscellaneous. The marketing division includes those organizations whose main business is the handling and sale of products of the farm. This group is further subdivided according to type of farm commodity handled. Purchasing organizations consist of companies which are organized for the buying and selling of general merchandise and farm supplies, on the co-operative plan. Under the general heading of Miscellaneous are included community halls, bargaining associations and similar organizations. Due to the variety of products handled, the United Farmers Co-operative Limited, Ontario, and the Coopérative Fédérée, Quebec are classified separately in respect to assets and investment. Membership in the Coopérative Fédérée is distributed among locals classified under commodity groups.

Returns were received from 795 farmers' business organizations having 2,706 local branches making a total of 3,501 places of business as shown in Table 3. The shareholders and members financially interested number 379,687. Combined assets total \$70,226,288 with plant and equipment valued at \$45,607,366. General liabilities amount to \$22,072,231. The total investment of shareholders and members in paid-up capital stock, membership fees and deductions amounts to \$38,643,598 and reserves total \$7,732,027.

Sales of farm products for the period under review amounted to \$134,611,154. The sales value of supplies totalled \$10,665,503 and other receipts \$27,297 which combined, means a total business of \$145,303,954. It should be kept in mind that this was a period of low prices with the index of farm prices standing nearly fifty per cent below the 1926 level.

For Canada as a whole each member contributed an average of \$382.69 of business during the year 1931. Members of the marketing associations averaged \$433.23 and in the purchasing group \$238.29. Within the commodity groups the fruit and vegetable growers rank comparatively high with an average of \$932.91 per member. Dairy is second with \$561.14 and the remainder in the following order: seed and grain \$479.36; live stock \$358.20; wool \$266.77; miscellaneous \$182.39 and poultry \$145.62.

Seed and Grain is Largest Group

Within the marketing group the seed and grain co-operatives which include the wheat pools have the largest membership and investment and exceed all others combined in volume of business. This figure which amounts to slightly over ninety millions is estimated. In size of total business the live stock co-operatives stand second although as may be noted in the table their investment is considerably lower than among the dairy and fruit companies. In comparing the dairy with the fruit and vegetable group the 27,524 members in the dairying group have a total investment of \$1,677,533 and the 8,232 member fruit growers have a total of \$1,171,567 invested. This averages \$61 per dairy patron and \$142 per fruit grower. Value of plant per member is in about this same ratio. The dairy companies averaged \$8.66 of business for each \$1 of plant value while the fruit companies averaged \$4.96 to \$1 of plant value. This indicates a considerably higher overhead among the fruit companies.

CO-OPERATIVE ORGANIZATION IN THE PROVINCES

In Table 4 the business organizations are grouped by provinces. Saskatchewan leads all others in places of business, membership and volume of business and of this total over 80 per cent is credited to the grain co-operatives. Alberta takes second place in membership and volume of business. In this province also the wheat pool contributes the largest proportion of the business. The inter-

TABLE 3.—FARMERS' BUSINESS ORGANIZATIONS IN CANADA, 1932. COMMODITY GROUPING

	Total places of business	Combined share- holders and members	Assets	Value of plant	General liabilities	Paid-up share capital	Invest- ment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Other receipts	Total volume of business
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—												
Dairy products.....	113	27,524	3,898,060	1,782,572	1,703,632	1,403,299	274,224	244,205	15,303,028	133,539	8,268	15,444,835
Fruits and vegetables.....	110	8,232	3,058,170	1,548,081	1,280,641	1,116,861	54,706	514,383	6,245,354	1,415,330	19,029	7,679,713
Live stock.....	338	44,389	747,719	315,509	276,378	82,541	220,748	118,509	15,733,979	166,091	.....	15,990,070
Poultry.....	200	30,511	405,453	61,081	252,926	32,563	73,160	72,181	4,437,379	5,774	.....	4,443,153
Seed and grain.....	2,143	190,372	54,746,759	39,333,130	15,189,468	3,396,657	29,410,190	5,526,635	89,409,633	1,847,750	.....	91,257,433
Wool.....	15	2,150	272,989	84,055	17,461	115,110	.....	131,441	433,300	54,250	.....	487,550
Miscellaneous.....	47	15,419	921,480	201,664	374,895	191,250	.....	171,846	2,812,250	.....	.....	2,812,250
Total.....	2,966	318,597	64,050,330	43,326,092	19,095,401	6,338,231	30,033,038	6,779,200	134,374,973	3,622,734	27,297	138,025,004
Purchasing.....	384	30,546	3,323,985	1,036,827	1,048,887	1,450,621	33,644	778,309	236,181	7,042,769	.....	7,278,950
Miscellaneous.....	133	10,544	420,250	245,887	197,729	157,608	6,429	104,518	.....	.....	.....	.....
United Farmers Co-operative.....	12	20,000	1,047,898	433,560	700,957	361,709	.....	10,000	(distributed above)	(distributed above)	.....	(distributed above)
Cooperative Fédérée.....	6	(distributed above)	1,383,825	565,000	1,029,257	262,269	.....	60,000	(distributed above)	.....	.....	(distributed above)
Total for Canada.....	3,501	379,687	70,226,288	45,607,366	22,072,231	8,570,488	30,073,110	7,732,027	134,611,154	10,665,503	27,297	145,303,954

TABLE 4.—FARMERS' BUSINESS ORGANIZATIONS IN CANADA, 1932. PROVINCIAL GROUPING

	Total places of business	Combined share- holders and members	Assets	Value of plant	General liabilities	Paid-up share capital	Invest- ment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Other receipts	Total volume of business
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
British Columbia.....	88	11,938	3,820,003	1,429,808	1,100,914	1,791,787	37,833	487,311	7,422,579	1,459,282	19,029	8,900,890
Alberta.....	507	62,230	12,485,700	8,847,351	2,206,428	235,541	7,619,694	1,098,582	24,125,169	905,589	1,893	25,032,651
Saskatchewan.....	1,491	148,300	30,730,669	21,309,923	5,688,973	775,154	21,705,983	3,253,205	46,553,609	2,117,059	.....	48,670,668
Manitoba.....	246	40,395	3,444,448	2,805,677	2,567,176	231,109	576,924	100,337	13,174,286	537,056	.....	13,711,342
Ontario.....	157	33,868	3,030,189	1,109,867	1,529,002	841,028	32,581	345,862	15,684,221	2,202,231	4,719	17,891,171
Quebec.....	94	17,519	2,418,105	1,038,586	1,574,393	522,384	.....	255,559	8,089,861	.....	.....	8,089,861
New Brunswick.....	124	5,466	410,125	91,762	191,271	143,451	281	39,521	704,838	495,144	.....	1,199,982
Nova Scotia Nova Scotia.....	183	11,952	1,196,891	658,642	650,359	681,269	22,969	274,850	1,533,722	956,205	.....	2,489,927
Prince Edward Island.....	111	9,197	184,924	93,892	73,732	31,800	39,374	34,777	955,069	205,687	1,656	1,162,412
Interprovincial.....	492	38,613	12,505,234	8,161,858	6,489,983	3,316,965	37,371	1,842,003	16,367,800	1,787,250	.....	18,155,050
Total for Canada.....	3,501	379,687	70,226,288	45,607,366	22,072,231	8,570,488	30,073,110	7,732,027	134,611,154	10,665,503	27,297	145,303,954

provincial group is composed of associations having affiliated branches in more than one province. It includes the Canadian Live Stock Co-operative (Maritimes), the Canadian Poultry Pool Limited, the United Grain Growers Limited and the Canadian Co-operative Wool Growers Limited.

When a comparison is made on the amount of business per member the province of British Columbia leads with \$745.59 contributed during the year by each member. Average business per member in Ontario for the same period was \$528.26 and the interprovincial group takes third place with \$470.18 per member. The average for the whole of Canada was \$382.69 of business per member in the year 1931.

Tables 5 to 14 show the extent and types of organization in each province. The tables are arranged under commodity headings and the same general arrangement is used for each province in order to facilitate comparisons. In the discussion which follows brief reference is made to a number of the larger co-operative organizations and it is on this basis that they have been selected for comment. Many other smaller organizations are doing useful work and operating successfully but space will not permit their inclusion in these descriptive notes.

BRITISH COLUMBIA

Returns for British Columbia were received from 88 farmers' business organizations which reported a combined membership of 11,938 in 1932. Of these 57 were marketing associations with 9,000 members, 23 purchasing with 2,174 members and 8 miscellaneous associations with 764 members. Total assets for all groups amount to \$3,820,003 with reserves of \$487,311. Member shareholders have subscribed and paid up \$1,791,787 in share capital and have contributed \$37,933 in membership fees and in other ways. Total sales of farm products by all associations in the year 1931, amounted to \$7,422,579 and supplies purchased had a sales value of \$1,459,282. Statistics are summarized in Table 5.

TABLE 5.—FARMERS' BUSINESS ORGANIZATIONS IN BRITISH COLUMBIA, 1932

—	Total places of business	Combined shareholders and members	Assets	Value of plant	General liabilities	Paid-up share capital	Investment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Dairy.....	11	5,038	1,540,837	352,092	402,403	926,134	8,780	20,315	3,727,359	120,166	3,847,525
Fruits and vegetables...	42	3,721	1,848,934	970,068	572,589	735,213	10,727	378,153	3,559,254	438,251	4,016,534
Live stock.....	1	45	12,480	2,470	2,986	3,420	.....	4,371	45,610	.....	45,610
Poultry.....	1	78	3,288	.....	4,397	3,842	.....	.....	38,545	.....	38,545
Seed and grain	2	118	3,250	3,250	3,913	.....	236	116	17,230	.....	17,239
Total.....	57	9,000	3,408,789	1,327,880	986,288	1,668,609	19,743	402,955	7,387,998	558,417	7,965,444
Purchasing.....	23	2,174	401,870	96,168	113,934	116,700	18,170	84,301	34,581	900,865	935,446
Miscellaneous.....	8	764	9,344	5,760	692	6,478	20	55	.....	.....	.....
Total for province.....	88	11,938	3,820,003	1,429,808	1,100,914	1,791,787	37,933	487,311	7,422,579	1,459,282	8,900,890

Fruits and Vegetables

The fruit co-operatives are credited with the largest volume of business amounting to \$4,016,534 of which \$3,559,254 are derived from the sale of fruits and vegetables. Of the 42 places of business reporting to the branch which handle fruit, 28 are situated in the southern interior of the province in the Okanagan and Kootenay Valleys. Although apples make up the greatest tonnage most of the companies handle a large variety of farm products. Ten com-

panies in the Lower Fraser Valley and on Vancouver Island pack or process small fruits putting them on the market as fresh fruits, canned products or in the form of wines. The remaining four companies handle tobacco, vegetables and hot-house products.

The Associated Growers of British Columbia with head office at Vernon acts as the selling agency for 31 local packing houses in the southern interior of the province. Fruit marketed by this company during the season 1931 amounted to 1,574,526 boxes of apples and 451,161 packages of fifteen other fruits and approximately 6,443 tons of vegetables composed of 27 different kinds. In the carload distribution 2,385 cars were sold in Canada of which 1,729 were disposed of on the prairie market. Exports amounted to 547 cars of which 321 were sold in Great Britain and the remainder found markets in 16 different countries. The company handles about 50 per cent of the tree fruit production of the province. Members reported for the year ending March 31, 1932, numbered 1,892 all of whom are fruit growers. This company owns its own line of brokerage houses in Western Canada and maintains a European representative. Sales of fruits and vegetables for the year under review amounted to \$2,207,821. Three affiliated branches which do a half-million dollar business annually are the Vernon Fruit Union at Vernon, the Kelowna Growers Exchange, Kelowna and the Penticton Co-operative Growers at Penticton.

Another large central selling agency which parallels the operations of the Associated Growers is Sales Service Limited with headquarters at Kelowna. This company represents the so-called independent packing houses although organization and operation embody a number of co-operative features. These two organizations handling approximately 80 per cent of the interior tree fruit have operated in fairly close harmony and acting together have proven a stabilizing influence during many critical periods in the fruit marketing history of the Okanagan Valley.

Dairy

Eleven co-operative dairy companies reported their business operations to the branch in 1932. Each operates as a separate and to some extent a competitive unit. A membership of 5,038 gives the dairy companies a considerably larger enrolment than the fruit and vegetable group and total volume of business is nearly equal.

Over three-fourths of the membership and business of this commodity group is within the Fraser Valley Milk Producers Association with headquarters at Vancouver. This company was organized in 1913 and during the first three years of its career functioned mainly as a bargaining association. In 1917 the manufacture of cheese and butter was undertaken and in 1919 the company entered the fluid milk retail business in Vancouver. Membership increased from 848 in 1917 to 3,538 in 1931. Assets of \$166,857 in the earlier year have enlarged to \$1,310,056. Sales of farm products in 1931 amounted to \$3,225,662. Of the 6,068,826 pounds of butter fat handled that year 2,050,086 pounds or 33.78 per cent was marketed as fluid milk and 4,018,740 or 66.22 per cent was manufactured. Other dairy companies whose business amounts to over \$100,000 annually are the Okanagan Valley Co-operative Creamery Association at Vernon, the Salmon Arm Co-operative Creamery Association, Salmon Arm and the Comox Creamery Association at Courtenay.

Purchasing

The twenty-three co-operative companies organized for the purchase of supplies have 2,174 shareholders controlling assets of \$401,870 and are carrying on a business of roughly one million dollars annually. The largest trading company in the province reporting business to the branch is the F. V. Surrey

Farmers' Co-operative Association at Cloverdale. This company carries on a general trading, feed and hardware business. Its resources have been built up into a sound business structure financed entirely by the shareholding members and patrons. Sales which are made on a strictly cash basis amounted to \$312,369 during the year under review. Stock dividends and patronage refunds have been maintained for a number of years. During the past year an 8 per cent dividend on paid-up capital stock was declared amounting to \$5,648 and a patronage refund of \$2,000. This was shared by a membership of 423 members who have invested \$5,770 in the business by direct subscription.



F. V. Surrey Farmers' Co-operative Association, Cloverdale, B.C.

ALBERTA

In 1932 returns were received from 54 associations in Alberta with 453 branches making a total of 507 places of business. Members and shareholders combined numbered 62,239 who have invested \$7,855,235 in their co-operative enterprises. Total assets amount to \$12,485,700 with reserves of \$1,098,582. Sales of farm products amounted to \$24,125,169 in 1931 and sales value of purchased goods was reported as \$905,589 for the year under review. Statistics are summarized in Table 6.

Seed and Grain

The seed and grain group in Alberta overshadows all other commodity divisions in extent of organization and size of business. Of a total of 507 places of business engaged in the marketing of farm products this group, including branch elevators accounted for 441. Shareholders and members numbered 44,880 with a total of 62,239 reported for the province. Out of a total volume of business of \$25,032,651 reported to the branch the seed and grain section accounted for \$20,296,306.

Within this division there are two companies classified as seed co-operatives, the Grimm Alfalfa Seed Growers' Association of Alberta, Limited, which marketed over 300,000 pounds of alfalfa seed and the Pincher Creek Co-operative Association, Limited, which handled 679,300 pounds of timothy seed in the year under review.

The size of the business in this group is due to the activities of the Alberta Wheat Pool which is the second largest co-operative in the branch records. The total membership for the year under review was 43,383 representing a total acreage of 4,859,554 acres and an average acreage per contract of 112.01 acres. During the season 1930-31 the company operated 438 pool elevators throughout the province, two terminal elevators at Vancouver, B.C., one at Prince Rupert and one at Victoria. Total handlings of wheat that year on a pool basis amounted to 39,964,423 bushels of which 33,382,264 bushels were shipped west and 6,543,486 bushels east. Terminal and country elevators including equipment leased by the Alberta Pool Elevators Limited to the Alberta Wheat Pool are valued at \$8,120,403. Reserves in 1931 amounted to \$8,563,290. Payments to growers on pooled grain amounted to over 19 million dollars.



Vulcan, Alta., 1928, about 2,400,000 bushels of grain were shipped from this point.

Dairy

The Northern Alberta Dairy Pool Limited at Edmonton is the largest unit in the Alberta Co-operative Dairy Pool. The company was organized in 1928 with a membership during the first year of 847 farmers. Membership was reported as 2,899 in 1932. The company manufactures about 1,500,000 pounds of butter annually and conducts a large fluid milk and ice cream business in the city of Edmonton. Sales of farm products for the year 1931 amounted to over \$750,000. At Alix the Central Alberta Dairy Pool Limited is serving 2,042 dairy farmers who delivered 1,127,859 pounds of butter fat to the creamery in 1931. The company manufactures all of the product into butter. It owns a cold storage plant and delivery trucks in the city of Vancouver. Butter sales for the year under review amounted to over \$400,000. In 1927 milk producers in the Calgary district organized as a bargaining association and in 1929 entered the fluid milk business as the Calgary and District Milk Producers Association Limited. In 1931 over 850,000 gallons of milk were sold on the Calgary retail market. The manufacturing unit of the Alberta Co-operative Dairy Pool operating in the Calgary district is the Southern Alberta Dairy Pool Limited with its 1,100 members. This company manufactured 717,000 pounds of butter in 1931.

TABLE 6.—FARMERS' BUSINESS ORGANIZATIONS IN ALBERTA, 1932.

—	Total places of business	Com- bined share- holders and mem- bers	Assets	Value of plant	General liabilities	Paid-up share capital	Invest- ment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Dairy.....	7	6,536	771,242	471,969	526,716	9,271	111,750	52,199	1,778,202		1,780,095
Live stock.....	22	7,590	299,762	96,345	93,126	28,320	35,413	89,341	2,096,817	96,895	2,193,712
Poultry.....	2	455	9,148	4,524	3,623	3,962			20,343		20,343
Seed and grain	441	44,080	10,939,561	8,159,197	1,417,958	15,500	7,470,273	857,454	20,220,548	75,758	20,296,306
Total.....	472	58,664	12,019,713	8,732,035	2,041,426	57,053	7,617,436	998,994	24,115,910	172,653	24,290,456
Purchasing.....	31	2,885	463,840	115,316	165,002	176,323	1,054	99,588	9,259	732,936	742,195
Miscellaneous.....	4	690	2,147			2,165	1,204				
Total for province.....	507	62,239	12,485,700	8,847,351	2,206,428	235,541	7,619,694	1,098,582	24,125,169	905,589	25,032,651

Live Stock

The Alberta Co-operative Livestock Producers Limited, which was organized in 1924, is a central sales agency for thirty-nine local live stock shipping associations. In 1929 the company became affiliated with the Canadian Live-stock Co-operative with headquarters in Montreal and in 1931 purchased an abattoir and entered the processing business in a moderate way. With the termination of the five-year-contract period in 1930 a number of the local shipping associations did not sign up again, with the result that the business of the central agency was considerably reduced.

The twenty-one live stock marketing associations throughout the province which reported their activities to the branch have a total membership of 7,590. The total business of these companies during the year 1931 amounted to \$2,193,712. Of this the Southern Alberta Co-operative Association Limited, Lethbridge, contributed nearly one-half of the amount. This co-operative has experienced steady growth in membership and business from the year of its organization in 1924. In 1926 the association had 267 members, which had increased to 2,186 in 1931. Marketings of live stock have increased from 3,000 head in the earlier year to 64,755 in 1931. Volume of business in the latter year, which includes hay and supplies, amounting to almost one million dollars, was handled at an operating cost of 3.49 per cent of sales value.

Purchasing

The largest co-operative purchasing agency in the province which reported a record of its business to the branch in 1932 was the Wetaskiwin U.F.A. Co-operative Association Limited. This company, which was organized in 1917, reports 400 shareholders with paid-up capital stock of \$22,478. Stock dividends and patronage refunds have been paid consistently for a number of years. The company carries on a general supply business with sales in 1931 amounting to \$129,149. The Killam District Co-operative Association Limited, Killam, organized in 1921, has 300 shareholders who hold share capital to the value of \$19,110. Business for the year 1931 amounted to \$78,404.

For the province as a whole thirty-one co-operatives classified as purchasing organizations reported to the branch in 1932. These companies had assets totalling \$463,840 and reserves of \$99,588. Business, which consisted mainly of the purchase and sale to patrons of merchandise and farm supplies, amounted to \$742,195 for all companies.

SASKATCHEWAN

Co-operative organization in the province of Saskatchewan is widely distributed and well maintained. Records were received from 98 per cent of the companies listed. Financial statements were complete and uniformly prepared. The effective organization of the co-operatives in Saskatchewan is due in a large measure to the direction provided by the Co-operation and Markets Branch to the associations incorporated under provincial co-operative Acts.

Saskatchewan leads all other provinces in the number of associations doing business in a co-operative way. Returns were received in 1932 from 312 associations with 1,187 branches making a total of 1,499 places of business. Combined shareholders and members number 148,300 who have invested \$22,481,137 in their marketing enterprises. Total assets amount to \$30,730,669. Volume of business for all companies reporting amounted to \$48,670,668 in 1931. Statistics are summarized in table 7.

TABLE 7.—FARMERS' BUSINESS ORGANIZATIONS IN SASKATCHEWAN, 1932

—	Total places of business	Combined shareholders and members	Assets	Value of plant	General liabilities	* Paid-up share capital	Investment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Dairy.....	2	1,988	196,443	117,205	104,712	4,104	88,892		513,807		513,807
Live stock.....	121	17,505	252,363	161,225	72,605		164,347		2,342,665		2,432,665
Poultry.....	8	7,347	57,964	4,398	32,475	4,008		21,481	575,000		575,000
Seed and grain	1,062	104,429	28,632,658	20,425,998	5,032,572	104,808	21,446,696	2,802,408	43,040,827		43,040,827
Total.....	1,193	131,260	29,139,428	20,708,826	5,242,364	112,920	21,699,935	2,823,889	46,472,299		46,472,299
Purchasing.....	197	10,979	1,335,211	424,272	303,111		524,927	6,048	344,098	81,310	2,198,369
Miscellaneous.....	109	6,052	256,030	236,825	43,498	137,307		85,218			
Total for province.....	1,499	148,300	30,730,669	21,369,923	5,688,973	775,154	21,705,983	3,253,205	46,553,609	2,117,059	48,670,668

Seed and Grain

This group includes over 90 per cent of membership and business of co-operatives within the province. The Saskatchewan Co-operative Wheat Producers Limited, with headquarters at Regina, is the largest farmer-owned and controlled business in Canada. This grain marketing company was organized and commenced operation in 1924 with over 50 per cent of the provincial acreage and 46,509 signed contracts. At the end of the 1931 season there was on record a total of 82,870 operative wheat contracts covering a total of 9,541,217 acres. A subsidiary company, the Saskatchewan Pool Elevators Limited, was incorporated to acquire elevators and handle the grain delivered by members. A deduction of 2 cents per bushel provided funds with which to build up the elevator system. In 1926 the company purchased the plant and equipment owned by the Saskatchewan Co-operative Elevator Company Limited. The consolidated balance sheet of the Saskatchewan Co-operative Wheat Producers Limited and subsidiary companies show total assets at July 31, 1931, of \$28,490,472. Elevator deductions total \$12,188,060, membership subscription and paid-up capital stock amount to \$103,664. This represents an investment by members of \$12,291,724 on which they receive 6 per cent interest. Altogether during the past five years of operation patronage refunds have amounted to over \$5,000,000. The company is supported by a commercial reserve of \$6,567,851 which has been built up by retaining 1 per cent of the gross sales price and a reserve for contingencies derived from the profit and loss account of \$2,671,412. Wheat marketed by the Co-operative during the past seven seasons amounted to a grand total of 737,844,224 bushels. For the year 1930-31 the company handled 75,826,357 bushels, representing 46.9 per cent of the total

Saskatchewan wheat crop. Of these deliveries, 57 per cent graded No. 1 Hard or No. 1 Northern. Coarse grains marketed during the year under review totalled 7,906,601 bushels. Operating cost per bushel amounted to 0.482 cent and carrying charges 2.138 cents, making a total per bushel cost of 2.62 cents.

During the past year Saskatchewan Pool Elevators Limited operated a maximum of 1,060 country elevators and 6 terminal elevators.

Live Stock

Co-operative marketing of live stock in the province is almost entirely handled by the Saskatchewan Co-operative Livestock Producers Limited. This company, which was organized in 1926, carried out sales operations through four sales offices in Moose Jaw, Prince Albert, Saskatoon, and through the Central Co-operative at St. Boniface, Manitoba. In 1929, the association became affiliated with the Canadian Livestock Co-operative Limited and thereby extended its interprovincial and export operations. In 1931 the association purchased property in Saskatoon to provide slaughtering and processing facilities.



Headquarters and Abattoir of the Saskatchewan Live Stock Producers Limited, Saskatoon, Sask.

In 1930-31 a total of 115 live stock shipping associations with a membership of over 17,000 sold through the Co-operative. During the year 1931-32 the company handled 35,426 cattle, 156,076 hogs and 18,531 sheep with a total sales value of \$2,342,487.

Poultry

The Saskatchewan Poultry Pool Limited at Regina handled poultry products for 7,347 members during 1931. During the year 910 new contracts were received and total volume of products handled increased 15 per cent. Eggs marketed amounted to 2,813,767 dozens, live fowl 230,252 and dressed poultry 874,239 pounds with a combined sales value of \$575,000.

Dairy

The Saskatoon Dairy Co-operative Marketing Association Limited commenced business at Saskatoon in 1927. Starting in a modest way and following a self-reliant policy the company has built up a half-million dollar business. By agreement with the member shippers 5 per cent of the amount payable to

them is retained by the company. By this means a fund of over \$80,000 has been built up to take care of plant expansion. Members are credited with the amount of the deduction on the books of the company. Membership during the past year is reported as 1,818. Value of assets totalled \$188,105. During the year ending May 31, 1932, the company retailed 2,092,649 gallons of fluid milk in the city of Saskatoon and manufactured 949,757 pounds of butter, 215,616 pounds of cheese and 122,580 pounds of skim milk powder.

Purchasing

In this division, 197 co-operatives reported their activities in 1932. Combined membership numbered 10,979 with a shareholding interest of \$524,927. Assets amounted to \$1,335,211 with reserves of \$344,098. These companies operate general stores or engage in car lot trading handling general merchandise, oil and farm supplies. Total business amounted to \$2,198,369 of which \$81,310 were derived from the sale of farm products.

The Saskatchewan Co-operative Wholesale Society, Limited, at Saskatoon buys in car lot quantities for its 35 shareholder associations. Sales in 1931 amounted to \$488,174. The commodities representing the largest sales were gasoline, lubricating oils and greases, binder twine, coal and dry goods.

Miscellaneous

Within this classification are community halls, grazing and stock breeding associations. In this group there are 109 associations with 6,052 members.

MANITOBA

Returns for Manitoba were received from 49 farmers' business organizations in 1932 with 197 branches representing 246 places of business. Combined shareholders and members numbered 40,595 who through share capital subscriptions and membership fees have invested a total of \$808,033 in their business. Assets total \$3,444,448 with reserves of \$100,357. Sales of farm products reported by the companies for the year 1931 amounted to \$13,174,286 and sales value of supplies totalled \$537,056. Statistics are summarized in Table 8.

Seed and Grain

As in the other Prairie Provinces the grain group leads in extent of organization and volume of business. The Manitoba Wheat Pool was organized in 1924. Manitoba Pool Elevators Limited, a subsidiary to the Pool, was incorporated in 1925 to acquire and operate the country elevators under a lease arrangement with local associations. Six co-operative elevators operated in 1925 which by 1930 had increased to 153 associations.

In 1931 at the end of the first contract period the company was reorganized and Manitoba Pool Elevators Limited became the major company, operating as a grain handling organization on behalf of the various Pool Elevator Associations which are shareholders in the federated company.

Approximately 10,000 shareholders were reported in 1932 who had invested over \$500,000 and had acquired assets valued at \$2,699,738. Total grain handled during 1931 amounted to 20,146,851 bushels. In the summer of 1931 growers were given the option of pooling their grain or selling it outright on the open market. Due to economic conditions the pooling option was not exercised to a very large extent, total pooled receipts being only 109,313 bushels on which the net total payment to growers, basis No. 1 Northern, Fort William, was at the rate of 58.946 cents per bushel.

TABLE 8.—FARMERS' BUSINESS ORGANIZATIONS IN MANITOBA, 1932

	Total places of business	Com- bined share- holders and mem- bers	Assets	Value of plant	General liabilities	Paid-up share capital	Invest- ment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Dairy.....	6	6,693	312,267	177,092	112,665	140,375	54,297	58,274	754,646		754,646
Livestock.....	45	5,319	81,147	2,933	61,143		23,004		1,635,715		1,605,715
Poultry.....	1	15,286	136,551	11,353	95,336	15,286		10,000	740,500		740,500
Seed and grain	151	10,090	2,699,738	2,532,616	2,207,489	19,000	492,248		10,073,425		10,073,425
Total.....	203	37,208	3,229,711	2,723,904	2,476,633	165,661	566,540	63,274	13,174,286		13,174,286
Purchasing.....	38	2,620	203,499	81,701	90,543	65,448	5,666	23,338		537,056	537,056
Miscellaneous.....	5	767	11,238	72			4,700	8,745			
Total for province.....	246	40,595	3,444,448	2,805,677	2,567,176	231,109	576,924	100,357	13,174,286	537,056	13,711,342

Live Stock

The Manitoba Livestock Producers Limited was formed in 1927 for the purpose of organizing and directing local shipping associations. Simultaneously the Central Livestock Co-operative was set up representing the three prairie provinces as a selling agency with central offices at St. Boniface. This central agency operated for two years until the Canadian Livestock Co-operative Limited, was formed January 1, 1930. At that time the business of the Central Livestock Co-operative was transferred to the national body which maintained sales offices at St. Boniface and Montreal.

Practically all co-operative selling of live stock in the province was conducted by the national co-operative in 1931. The Manitoba Co-operative Livestock Producers Limited had 44 local shipping associations with a reported membership of 5,319. The shipping associations that year sold through their central agency 1,655 cars of live stock valued at \$1,605,715.

Dairy

The Manitoba Co-operative Dairies Limited which was organized and incorporated in 1920 operates creamery plants in Winnipeg, Brandon and Dauphin. The company manufactures butter and ice cream. Shareholders reported in 1932 numbered 6,140 who had invested \$179,368 in their business. Total assets amounted to \$278,153. Since business started in 1921 the company has paid the competitive price for cream plus 7 per cent on capital and has built up a substantial reserve amounting to \$54,297. In 1931 the company manufactured 2,644,321 pounds of butter and 15,782 gallons of ice cream with a sales value of \$669,042. Other co-operative creameries contributing to the business reported in this group are operating plants at Arborg and Riverton.

Poultry

The Manitoba Co-operative Poultry Marketing Association Limited, Winnipeg, organized in 1922 has made steady progress in its marketing activities. It is the central agency for over 100 local shipping associations with branches at Winnipeg, Brandon, Neepawa, and Dauphin. The Canadian Poultry Pool Limited is in turn the central selling agency for the Manitoba Co-operative and the poultry marketing co-operative associations in Saskatchewan and Alberta.

Members who ship eggs through the association enter into a yearly contract. A pooling system operates for eggs and dressed poultry. Membership was reported in 1932 as 15,286. In 1931 sales of poultry products amounted to \$740,500.

Purchasing

Thirty-eight farmers' co-operative retail associations furnished returns in 1932. Sales value of oil, and household and farm supplies purchased by these companies during the year 1931 amounted to \$537,056. Paid-up capital subscribed by the 2,620 shareholders amounted to \$65,448. Total assets were valued at \$203,499 and reserves amounted to \$23,338. The Manitoba Co-operative Wholesale, Winnipeg, was incorporated in 1927. The company acts as a purchasing agent on a commission basis for 47 local co-operative trading associations. It handles bulk shipments of such commodities as gasoline, twine, coal, and farm supplies.

ONTARIO

Returns for Ontario were received from 121 farmers' business organizations in 1932. These companies had 36 branches making a total of 157 places of business. Combined shareholders and members numbered 33,868 who had invested \$841,028 in share capital and \$32,581 by membership fees. Total assets for all companies amounted to \$3,030,189 and reserves \$345,862. The business of 98 marketing associations totalled \$16,697,737 and the 56 companies in the purchasing group sold goods and commodities to the value of \$1,193,434. Statistics are summarized in Table 9.

United Farmers Co-operative Company, Limited

The United Farmers Co-operative Company, Limited, with headquarters at Toronto, was formed in 1914 to provide Ontario farmers with facilities for marketing farm products co-operatively and for buying farm supplies collectively. It is financed, operated, and controlled by farmers. The Co-operative aims to serve the general farmer by establishing a department for each product or group of similar products handled and by conducting each department as a unit—all under the one name and under the same general management.

TABLE 9.—FARMERS' BUSINESS ORGANIZATIONS IN ONTARIO, 1932

	Total places of business	Com- bined share- holders and mem- bers	Assets	Value of plant	General liabilities	Paid-up share capital	Invest- ment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Dairy.....	37	1,883	213,067	128,172	112,482	77,374	10,515	22,553	1,715,702	2,607	1,723,028
Fruits and vegetables...	16	1,162	350,917	194,716	145,160	83,472	18,270	50,851	1,297,012	245,265	1,542,377
Live stock.....	21	1,933	69,164	46,188	31,414	36,216	984	23,420	714,052	69,196	783,248
Poultry.....	2	41	.....	.....	.....	120	49	.....	15,116	.....	15,116
Seed and grain	9	1,423	263,568	116,762	56,030	64,188	335	154,075	537,032	38,992	576,024
Honey.....	1	1,100	331,866	10,269	154,417	32,250	.....	1,177	443,199	.....	443,199
U.F. Co- operative....	12	20,000	1,047,898	433,560	700,957	361,709	.....	10,000	10,874,976	739,869	11,614,845
Total.....	98	27,542	2,276,480	929,667	1,200,460	655,329	30,153	262,076	15,597,089	1,095,929	16,697,737
Purchasing.....	56	4,262	615,218	179,970	177,078	175,894	2,138	73,286	87,132	1,106,302	1,193,434
Miscellaneous....	3	2,064	138,491	230	151,464	9,805	290	10,500	.....	.....	.....
Total for province.....	157	33,868	3,030,189	1,109,867	1,529,002	841,028	32,581	345,862	15,684,221	2,202,231	17,891,171

Combined shareholders and members number about 20,000 who have \$361,709 directly invested in their company in the form of share capital. The company's assets are valued at \$1,047,898 with reserves of \$10,000. Total volume of business in 1931 amounted to \$11,614,845. Over 60 per cent of this business is credited to the live stock commission department. The main creamery in Toronto and eleven branch creameries throughout the province manufactured over 7 million pounds of butter in 1931. In the produce department

about 1 million dozen eggs are handled annually in addition to a large dressed poultry trade. The company has 15 egg grading stations in the province. The sales value of farm supplies purchased during the year amounted to \$739,869. The supplies included flour, salt, fertilizer, coal, building materials, garden and field seeds. Although the departments named showed a net profit for the year, the grain pool activities were less successful and resulted in an operating loss for the company during the year under review.



Headquarters United Farmers Co-operative Company of Ontario.

Dairy

In this group 37 associations with 1,883 members reported to the branch. Assets amounted to \$213,067 with reserves of \$22,553. Sales of dairy products in 1931 totalled \$1,715,702 of which the United Dairymen Co-operative Limited contributed the major part. This company was organized in 1920 as a marketing agency for a number of local cheese factories. A branch office was established at Belleville in the centre of the producing area and a main sales office was opened at Montreal. The company has four warehouses in Ontario and one at Montreal. Following a number of years' experience with sale by auction this method was abandoned and the company established its own agents in the United Kingdom and registered its own brand there. The co-operative was active in supporting the introduction of selling cheese on the basis of government grade. The company handles cheese on a service charge of 5 cents a box. A reserve fund of \$12,759 was reported for the year 1931 which has accumulated following a policy of building up a reserve fund instead of paying patronage dividends. Cheese handled amounted to 43,602 boxes in 1920 and 122,819 boxes in 1931. In addition the company marketed 15,624 pounds of butter. In the peak year of 1926 the company found a market for 206,862 boxes of cheese.

Fruits and Vegetables

Sixteen associations with 1,162 members reported for this group. Assets totalled \$350,917 with reserves of \$50,851. The business of the companies during the year under review totalled \$1,542,377. Among the larger co-operatives which reported are the Ontario Onion Growers Co-operative Limited, Chatham, which handled nearly 16,000 tons of onions with a sales value of \$407,000 and the Vineland Growers Co-operative Company Limited, Vineland, whose sales

of farm products totalled \$253,717. Fruit sales of the Niagara Packers Limited at Grimsby amounted to nearly \$190,000 and the South Essex Growers Co-operative Exchange at Leamington handled farm products with a sales value of \$136,341.

Live Stock

Practically all the live stock marketed co-operatively in the province is handled by the United Farmers Co-operative Limited, the activities of which are discussed in the second paragraph of this section. During the year under review this company marketed live stock with a sales value of \$7,360,401. The 21 associations which market outside this agency reported a membership of 1,933 who sold live stock to the value of \$714,052 and purchased supplies with a sales value of \$69,196.

Seed and Grain

Nine associations with a membership of 1,423 reported in this division. The Harrow Farmers Co-operative Association Limited, Harrow, reported sales of seed and grain amounting to \$159,070. The Kenora District Co-operative Clover Seed Growers' Association, Oxdrift, handled 180,830 pounds of clover seed and 60,455 pounds of mixed seed during the year. Total sales for the group amounted to \$537,032 during the year 1931.

Honey

The honey producers of Ontario organized co-operatively in 1923 through the formation of the Ontario Honey Producers Co-operative Limited with main offices at Toronto. In the early years members entered into a three-year contract with the company, which was subsequently changed to an annual contract. Returns are pooled according to grade. Each member is permitted to sell his own honey locally under his own name. The surplus is turned over to the co-operative, whose activities are mainly confined to organized merchandising in larger centres and the export market, where the product is sold under the Beekist brand. The company reported 1,100 members in 1932 with assets valued at \$331,866. The co-operative finds a market for approximately 4,000,000 pounds of honey annually. In 1931 sales amounted to \$443,199.

Purchasing

Returns were received from fifty-six associations in this group with a reported membership of 4,262 and assets valued at \$615,218. Total business amounted to \$1,193,434 in 1931. Among the larger companies in this group is the Norfolk Co-operative Company Limited at Simcoe with a membership of 550 and business for the year 1931 amounted to \$161,719. At Ilderton, the Ilderton Farmers Co-operative Company Limited, handling a large variety of farm supplies, sold goods to the value of \$151,456 to their farmer patrons during the year under review.

QUEBEC

Returns were received from ninety-four associations in the province of Quebec with a reported membership of 17,519. Assets totalled \$2,418,105 with reserves of \$255,559. The members own share capital to the amount of \$522,384. As supplies purchased were not itemized separately in the returns, all business is shown under sales of farm products, which amounted to \$8,089,861. Statistics are summarized in Table 10.

TABLE 10.—FARMERS' BUSINESS ORGANIZATIONS IN QUEBEC, 1932

—	Total places of business	Com- bined share- holders and mem- bers	Assets	Value of plant	General liability	Paid-up share capital	Invest- ment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Dairy.....	15	2,112	368,331	239,961	273,301	67,035	.....	20,470	1,238,576	.....	1,238,576
Fruits and vegetables...	5	207	25,862	14,812	19,520	13,844	.....	682	62,273	.....	62,273
Live stock.....	12	497	18,733	6,348	10,406	7,340	.....	1,377	103,133	.....	103,133
Poultry.....	7	324	8,986	5,576	10,073	4,145	.....	61	35,802	.....	35,802
Seed and grain	3	60	22,754	15,494	11,358	8,751	.....	2,300	19,972	.....	19,972
Miscellaneous....	46	14,319	539,614	191,395	220,478	159,000	.....	170,669	1,158,807	.....	1,158,807
Coopérative Fédérée.....	6	*	1,383,825	565,000	1,029,257	262,269	.....	60,000	5,471,298	.....	5,471,298
Total for province.....	94	17,519	2,418,105	1,038,586	1,574,393	522,384	.....	255,559	8,089,861	.....	8,089,861

* (Distributed above).

Coopérative Fédérée de Québec

The Coopérative Fédérée de Québec was incorporated by a special act in 1922 which provided for the federation of three existing co-operative associations. This company with headquarters in Montreal handles all types of farm products and is engaged in a large supply business. In 1932 returns were received from fifty-four affiliated local societies which reported a combined membership of 2,222. In the live stock department, which is affiliated with the Canadian Co-operative Livestock Producers Limited, sales during the year 1931 amounted to \$1,199,382. The dairy department reported sales amounting to \$1,974,466, which is 36 per cent of the total volume of business reported by the company. A subsidiary, the S.C.A. de Lait et Crème de Montréal, is engaged in a milk and cream distributing business in the city of Montreal. Sales of



Seed Plant and Warehouse of the Coopérative Fédérée de Québec, St. Rosalie, Que.

poultry products amounted to \$280,016, fruits and vegetables \$125,792, seed and grain \$681,398. The sales value of miscellaneous products and of farm supplies purchased for members is reported as \$1,210,244. Added together the total volume of business for all departments amounted to \$5,471,298. Combined total assets as at December 31, 1931, are reported as \$1,383,825. Capital paid up consisting of non-dividend common and preferred stock amounted to \$262,269. Member shippers enter into a three-year contract with the co-operative and returns from farm products are pooled.

Dairy

In this division there are fifteen places of business with a reported membership of 2,112. Assets are valued at \$368,331 with reserves of \$20,470. Sales of farm products amounted to \$1,238,576 in the year 1931. The United Dairymen's Co-operative Company Limited with head offices and warehouse in Montreal is the selling agency for approximately 200 factories in Ontario and Quebec. All sales are made from Montreal and exports to Great Britain are sold through the company's own representative in London, England. The co-operative has its own brand which goes on every box of specials and No. 1. The Ontario company with headquarters at Belleville is the owner of the business, and in order to operate in Quebec took out a charter under the Quebec Co-operative Act. Total sales of cheese in 1931 amounted \$2,110,929, of which \$803,047 is credited to Quebec in this group. The remainder is included in the dairy division of the Ontario marketing section in Table 9 and the operations of the company are further discussed in that section of the report.

The Montreal Milk Producers' Co-operative Agricultural Association was organized in 1918 as a bargaining association to protect milk producers in the area surrounding the city of Montreal in tests, freight rates and prices. The association has about 885 members and controls about 60 per cent of the milk coming into Montreal. Members enter into a three-year contract with the association. The S.C.A. de Lait et Crème de Montréal in the city of Montreal is affiliated with the Coopérative Fédérée. This company, which was organized in 1929, has 119 members. Sales during the year 1931 amounted to \$218,800.

Miscellaneous

In this division L'Union Catholique des Cultivateurs de la Province de Québec Inc. is credited with a volume of business of \$460,241 for the year 1931. The association is interested and engaged in activities of a varied nature which include general agriculture, live stock, dairy, home circle and young farmers club work and the purchase of supplies for its ninety-one local syndicates and 519 clubs. Membership in 1932 was reported as 11,168.

NEW BRUNSWICK

In the province of New Brunswick, 124 co-operative associations reported a review of their activities covering the year 1931. Of these, 113 are classified as marketing associations and 11 placed in the purchasing group. Combined members and shareholders number 5,466. Assets total \$410,125 with reserves of \$39,521. Farm products marketed sold for \$704,838 and sales value of supplies purchased amounted to \$495,144 making a total business of \$1,199,982. Statistics are summarized in Table 11.

Dairy

Fifteen dairy companies reported a membership of 814, assets of \$196,216, paid-up share capital of \$51,272 and reserves of \$9,962. Sales of dairy products amounted to \$453,826. The largest dairy factory in this group is the Sussex Cheese and Butter Company Limited at Sussex. This company manufactured

710,710 pounds of butter in 1931. The Farmers' Co-operative Dairy Company Limited at Fredericton reported a production of 475,344 pounds of butter and over 11,000 gallons of ice cream during the same year. At Moncton the Farmers' Co-operative Creamery Limited made over 350,000 pounds of butter and 14,000 gallons of ice cream.

TABLE 11.—FARMERS' BUSINESS ORGANIZATIONS IN NEW BRUNSWICK, 1932

—	Total places of business	Combined shareholders and members	Assets	Value of plant	General liabilities	Paid-up share capital	Investment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Dairy.....	15	814	196,216	69,638	88,998	51,272	.....	9,962	453,826	210	454,036
Fruits and vegetables...	2	56	.....	.....	.....	.....	.....	.....	6,033	.....	6,033
Live stock.....	40	1,327	.....	.....	.....	.....	.....	.....	22,434	.....	22,434
Poultry.....	55	2,300	63,842	6,898	55,491	.....	176	7,978	219,475	.....	219,475
Seed and grain	1	12	2	150	.....	.....	2	.....	20	.....	20
Total.....	113	4,509	260,060	76,686	144,489	51,272	178	17,940	701,788	210	701,998
Purchasing.....	11	957	150,065	15,076	46,782	92,179	103	21,581	3,050	494,934	497,984
Total for province.....	124	5,466	410,125	91,762	191,271	143,451	281	39,521	704,838	495,144	1,199,982

Live Stock

Returns for 40 co-operative shipping clubs were received through the office of representatives of the Dominion Live Stock Branch, Moncton. These clubs are affiliated with the Canadian Livestock Co-operative (Maritimes) with headquarters at Moncton. A short discussion on the activities of this organization is given in the interprovincial section. The shipping clubs reported a membership of 1,327. These clubs marketed live stock to the value of \$22,434, shipments consisting mainly of sheep, lambs and hogs.

Poultry

The business reported in this group is contributed by 54 egg circles in the province of New Brunswick and the same number in Nova Scotia. The egg circles ship through their central agency the Maritime Co-operative Egg and Poultry Exchange at St. John. This co-operative was organized in 1925 with a membership of 619 which increased to 2,300 in 1931. Eggs handled in 1931 totalled 546,956 dozens and poultry amounted to 283,307 pounds. The Maritime Chick Hatchery which is owned and operated by the exchange is a modern and well equipped plant with an egg capacity of 43,000. In 1931, the hatchery shipped 115,000 day-old chicks. A cannery was started in 1930. During the year under review over 20 tons of poultry were processed and 68,000 cans of products were sold. The canning of fish and vegetables has also been undertaken. Sales for the year under review amounted to \$219,475.

Purchasing

Eleven associations handle farm supplies and general merchandise on a co-operative plan for the benefit of their 957 members. The assets of the companies total \$150,065 with reserves of \$21,581. The members have invested \$92,179 in the business in the form of share capital. Total business for the year 1931 including the sale of farm products valued at \$3,050 amounted to \$497,984.

The company with the largest business in this group is the New Brunswick Agricultural Societies United at East Centreville. In 1931 this company supplied approximately 10,000 tons of fertilizer to over 6,000 patrons throughout

the province. At Coburn in 1892 the Harvey Farmers' Trading Company was formed as a co-operative trading association. According to returns received in 1932, this company with forty-two years of service to its farmer patrons is the oldest purchasing association still in active business on the branch records.

NOVA SCOTIA

Returns were received from 183 associations in Nova Scotia with a reported membership of 11,952. Of these totals, 151 associations are engaged in the marketing of farm products and 28 are classified as purchasing organizations. Business reported by the marketing companies for the year 1931 totalled \$2,055,430 compared with \$434,597 for the trading associations during the same period. Combined business of all companies amounted to \$2,489,927 of which \$1,533,722 were derived from the sale of farm products and \$956,205 from retail sales of merchandise and supplies. Combined assets of all associations amounted to \$1,196,891 and reserves \$274,850. Shareholders have invested \$681,269 through the purchase of capital stock issued by the companies. Statistics are summarized in Table 12.

TABLE 12.—FARMERS' BUSINESS ORGANIZATIONS IN NOVA SCOTIA, 1932

—	Total places of business	Combined share-holders and members	Assets	Value of plant	General liabilities	Paid-up share capital	Investment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Dairy.....	6	1,120	230,977	164,633	70,521	95,934	.....	53,036	476,676	10,556	487,232
Fruit and vegetables...	44	1,086	808,632	366,685	525,326	284,332	22,299	84,697	955,308	531,901	1,487,209
Live stock.....	47	2,870	.....	.....	.....	.....	.....	.....	80,889	.....	80,889
Poultry.....	54	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	151	5,076	1,039,609	531,318	595,847	380,266	22,299	142,733	1,512,873	542,457	2,055,430
Purchasing.....	28	6,669	154,282	124,324	52,437	299,150	465	132,117	20,849	413,748	434,597
Miscellaneous....	4	207	3,000	3,000	2,075	1,853	205	.....	.....	.....	.....
Total for province.....	183	11,952	1,196,891	658,642	650,359	681,269	22,969	274,850	1,533,722	956,205	2,489,927

Fruits and Vegetables

Forty-four associations with a membership of 1,086 reported for this group of which 30 are fruit packing warehouses affiliated with the central sales agency, the United Fruit Companies of Nova Scotia Limited. The sales value of fruit handled by the 44 associations amounted to \$955,308 in the year 1931. These companies are also engaged in the purchase and sale of farm supplies for the benefit of their members. The sales value of supplies purchased for the same period is reported as \$531,901.

The United Fruit Companies of Nova Scotia with head offices at Kentville was formed in 1912 by special act which provided for the federation of local co-operatives under a central selling agency. The original 22 locals have increased to 50 with tonnage handled varying between 26 and 42 per cent of the commercial production of the province. The organization has been active in improving the position of the fruit grower through efforts to reduce transportation charges, co-operative purchase of supplies and financial assistance to local packing houses. The company has taken an active interest in reducing waste and surplus fruit through the manufacture of fruit products. During the season 1931-32 the company's plant at Aylesford manufactured 46,602 gallon cans of apples, 15,400 pounds of dehydrated apples and 56,800 gallons of cider. At the Aylesford plant during the same period 65,840 gallons of lime sulphur

were processed and later disposed of to members. Supplies handled during the year included 4,673 tons of fertilizer, 4,000 barrels of flour, 26,000 bags of feed and in addition considerable quantities of seeds and sundry merchandise.

During the season 1931-32 the central company found sale for 411,703 barrels of apples mainly in Great Britain and neighbouring European markets. In addition over 12,433 barrels of potatoes were shipped largely to the British West Indies. Sales value of farm products marketed in 1931-32 totalled \$938,126 and supplies purchased had a sales value of \$358,262.

Of the local co-operative fruit companies which reported, the Port Williams Fruit Company Limited at Port Williams conducts the largest business. This company reported in 1932 sales of farm products totalling \$90,469 and supplies amounting to \$93,453. The Wolfville Fruit Company Limited, Wolfville, handled over 24,000 barrels of fruit and sold supplies to the value of \$96,355. The Sheffield Mills Fruit Company, Limited, Sheffield Mills Station, handled over 22,000 barrels of apples and sales value of supplies amounted to \$26,309 during the year under review.

The Empire Apple Exchange at Berwick operates as a central selling agency on a commission basis for eight co-operative packing houses not affiliated with the United Fruit Companies. In 1931 the Exchange handled over 85,000 barrels of apples for its member shippers.

Dairy

Six dairy co-operatives reported their business activities to the branch in 1932. These companies had a combined membership of 1,120, assets totalled \$230,977 with reserves of \$58,036. The members have invested \$95,934 in the business through share capital. Sales of dairy products in 1931 amounted to \$476,676 and sales value of supplies totalled \$10,556. The Scotsburn Creamery Company Limited organized in the year 1900 at Scotsburn manufactured 500,270 pounds of butter in 1931 and the Pictou County Dairy Company Limited at Stellarton made 297,379 pounds of butter. The latter also operates a retail milk and cream business and a cold storage and manufactures ice cream.

Live Stock and Poultry

Returns for the live stock shipping associations which market through the Canadian Livestock Co-operative (Maritimes), Moncton, N.B., were received through the office of representatives of the Dominion Live Stock Branch, Truro. Reports were received covering 47 local associations with a membership of 2,870. Total marketings which consisted mainly of lambs with smaller shipments of hogs and calves were valued at \$80,889 in 1931. Fifty-four egg circles marketed their poultry products through the Maritime Co-operative Egg and Poultry Exchange at St. John, N.B. Products shipped totalled 249,335 dozens of eggs and 102,847 pounds of poultry. Sales value is accounted for in the New Brunswick report on the marketing of poultry.

Purchasing

Returns were received from 28 companies in 1932 engaged in the co-operative purchase of supplies. Members numbered 6,669 with assets valued at \$154,282 and reserves of \$132,117. Business carried on by these companies in 1931 amounted to \$434,597. This figure hardly provides a correct picture of the extent of co-operative buying in Nova Scotia as fruit and dairy companies reported purchase of supplies of over a half-million dollars during the same period. Two non-farmer organizations are engaged in the co-operative purchase of supplies in the mining area of the province. The Industrial Co-operative Society Limited at Sydney during the year 1931 had sales amounting to \$46,795. The British Canadian Co-operative Society Limited at Sydney Mines which is engaged in a general merchandise business and operates a

dairy and bakery sold commodities to the value of \$1,221,421 during the same year. These societies operate almost exclusively among the industrial wage earning groups of Sydney, Glace Bay, Sydney Mines and vicinity and their business has not been included in summaries presented in this report on farmers' business organizations.

PRINCE EDWARD ISLAND

Reports on the activities of 111 associations were received from Prince Edward Island. Combined membership totalled 9,197, who have invested \$71,174 through the purchase of share capital or payment of membership fees. The assets of the companies represented totalled \$184,924 in value with reserves of \$34,777. The sales of farm products returned \$955,069 and sales value of supplies amounted to \$205,687, which combined, and including other receipts, gave total business transactions of \$1,162,412. Statistics are summarized in Table 13.

Dairy

Returns were received from fourteen co-operative dairies with a membership of 1,427. Assets totalled \$68,680 with reserves of \$2,396. Paid-up share capital amounted to \$31,800 which averaged about \$20 per member. The sales value of dairy products marketed by the companies totalled \$184,934. Of the butter factories reporting, the Wiltshire Dairy Company at New Wiltshire showed the largest output with a make of 184,642 pounds in 1931. The Dunk River Dairy Company at Central Bedeque manufactured 182,869 pounds of butter and the Crapaud Creamery Company 135,975 pounds during the same period. The largest cheese factory reporting to the Branch from Prince Edward Island was the Stanley Bridge Dairying Company, Stanley Bridge which manufactured 66,151 pounds of cheese and 27,226 pounds of butter in 1931. The Dundas Dairying Association at Dundas reported an output of 57,895 pounds of cheese for the year under review.

TABLE 13.—FARMERS' BUSINESS ORGANIZATIONS IN PRINCE EDWARD ISLAND, 1932

—	Total places of business	Combined share-holders and members	Assets	Value of plant	General liabilities	Paid-up share capital	Investment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Dairy	14	1,427	68,680	61,900	11,831	31,800	.....	2,396	184,934	.....	186,590
Fruit and											
vegetables...	1	2,000	23,825	1,800	18,046	.....	3,410	.....	232,550	199,913	432,463
Live stock.....	28	840	.....	.....	.....	.....	.....	.....	162,881	.....	162,881
Poultry	67	4,680	79,419	26,192	43,885	.....	35,564	32,381	361,704	5,774	367,478
Seed and grain	1	250	13,000	4,000	.....	.....	400	.....	13,000	.....	13,000
Total.....	111	9,197	184,924	93,892	73,732	31,800	39,374	34,777	955,069	205,687	1,162,412

Fruits and Vegetables

This group is represented by one organization, the Prince Edward Island Potato Growers' Association, Inc., which began as a seed improvement association in 1920. The company has no capital stock. A \$5 initiation fee and \$2 annual membership fee is charged. The contract with members is continuous with privilege of cancellation by giving notice before May 1st. At the first annual meeting in 1921 there were 140 members in attendance. The membership reported in 1932 was 2,000. The company has no buildings or equipment. Supplies come in by boat. Farmers take delivery at the wharf or they are reloaded into cars and shipped. Potatoes are handled following the reverse

procedure. Markets for potatoes have been found mainly in Long Island and New Jersey with smaller shipments to Cuba and to all southern States along the Atlantic seaboard.

During 1931-32 the association marketed 701,131 bushels of certified seed potatoes and 200,249 bushels of tablestock and turnips. The sales value of these farm products amounted to \$232,550. Farm supplies purchased included over 8,000 tons of fertilizer and limestone and in addition considerable quantities of insecticides, dusting material, bags and barrels. Gross sales value of materials amounted to \$199,913. Office and general expenses covering this period amounted to \$27,408. Reduced plantings, low yields and unfavourable prices in regular markets resulted in a comparatively low volume of business for the year under review. In the previous year the organization handled 2,250,000 bushels of potatoes and turnips and over 19,000 tons of fertilizer and limestone.

Live Stock

Returns for 28 live stock shipping associations which marketed through the Canadian Livestock Co-operative (Maritimes) in 1931 were received through the representative of the Dominion Live Stock Branch at Charlottetown. Shipments which included over 9,000 hogs and over 10,000 lambs and 600 calves sold for \$162,881.

Poultry

The Prince Edward Island Co-operative Egg and Poultry Association is a union of sixty-seven Egg Circles covering practically all districts of the Island. Each local circle is a separate unit having its own board of directors, employing a local manager who collects eggs from individual members and ships them to the central agency at Charlottetown. On delivery of the farmer's product a partial payment is advanced and at the close of the business year after all operating expenses are paid the surplus is distributed pro rata to members. Membership is continuous until resignation. All members in good standing are joint owners of the property of the association. Since February 1, 1931, an initial membership fee of \$1 has been collected from new members. No capital stock has been issued by the association. Working capital is supplied by a deduction from selling price of one-half to two per cent. The financing of plant expansion has been taken care of by the membership, each circle supplying collateral notes as security on the basis of \$15 per member.

The membership of 4,680 reported in 1932 own assets valued at \$79,419 with reserves of \$32,381. Over one and one-half million dozens of eggs and 23,000 pounds of dressed poultry were marketed by the co-operative in 1931 which had a gross sales value of \$361,704.

Seed and Grain

Co-operative marketing of grass seed was undertaken by Prince Edward Island growers in 1925 with the organization of the Prince Edward Island Grass Seed Growers' Association. Varieties marketed include brown top, velvet bent and creeping bent. The association has a central cleaning plant at Charlottetown and all seed sold is certified by government inspectors. Membership in 1932 was reported as 250. In 1931 the association marketed 31,000 pounds of bent seed.

INTERPROVINCIAL CO-OPERATIVE ORGANIZATION

The Canadian Livestock Co-operative (Maritimes)¹

The Canadian Livestock Co-operative (Maritimes) to which reference was made in the New Brunswick section of this report was organized in 1927 with head office at Moncton, N.B. This office is the central selling agency for 40 live stock shipping clubs in New Brunswick, 47 in Nova Scotia, and 28 on Prince Edward Island. The marketing company in turn is affiliated with the national body, the Canadian Livestock Co-operative Limited.

Total membership was reported in 1932 as 11,500, of which 5,037 are credited to the provinces in their respective reports. Live stock handled in 1931 amounted to approximately 45,000 head for which sales value is shown in the reports of the three Maritime Provinces.

Membership in the association may be obtained by any live stock producer. No membership fee is charged and there is no capital stock. The Board rents an office and employs sufficient help to adequately handle the live stock to be marketed. Operations are financed on a commission basis by deducting 1 per cent on sales of live stock and 15 to 35 cents per ton on feeds. Returns for shipments of stock are made by the manager to the secretary of each club, who in turn distributes this amount *pro rata* to the contributors. Fixed charges, such as freight, are pooled, but otherwise shipments are settled on their own merits.

The Canadian Poultry Pool Limited

During 1929 the Manitoba, Saskatchewan, Alberta, and British Columbia Poultry Pools united in the Canadian Poultry Pool Limited with head offices at Winnipeg. This organization became the central selling agency for the provincial pools and through an extensive educational program and the volume of business which it controls has done much to improve the quality of production and reduce marketing spreads.

The general sales policy of the Pool has been to seek distribution of its product through the recognized wholesale provision trade and meat packing companies. The Pool has been active in developing the export field and has handled a large proportion of the dressed poultry and eggs exported from Canada. All sales during 1931 amounted to nearly \$3,000,000, on which central handling and selling charges amounted to about 1.2 per cent. Activities and business operations of the co-operatives affiliated with the central organization are discussed under provincial headings.

TABLE 14.—FARMERS' BUSINESS ORGANIZATIONS, INTER-PROVINCIAL, 1932

—	Total places of business	Combined share-holders and members	Assets	Value of plant	General liabilities	Paid-up share capital	Investment other than share capital	Reserves	Sales of farm products	Sales value of supplies	Total business including other receipts
			\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing—											
Live stock.....	1	6,463	14,070	2,140	4,698	7,245	37,371	280			
Poultry.....	3		46,247	2,140	7,676	1,200					
Seed and grain	473	30,000	12,172,228	8,075,663	6,460,148	3,193,410		1,710,282			
Wool.....	15	2,150	272,689	84,055	17,461	115,110		131,441			
Total.....	492	38,613	12,505,234	8,161,858	6,489,983	3,316,965	37,371	1,842,003	16,367,800	1,787,250	18,155,050

The United Grain Growers Limited

The United Grain Growers Limited with head offices at Winnipeg, Manitoba, handles and markets grain grown by farmers in the provinces of Manitoba, Saskatchewan, and Alberta. The company, which is owned and controlled by

¹ Since the year covered by this review, Prince Edward Island live stock producers have organized on a provincial basis.

farmer shareholders, resulted from an amalgamation in 1917 of the Grain Growers Grain Company which was organized in 1906 and the Alberta Farmers' Co-operative Elevator Company formed in 1913. The company is controlled by about 30,000 shareholders, most of whom are farmers living in the Prairie Provinces. In the handling of its grain business the company follows general trade practices. The savings or profits, which have been fairly adequate, have been used for the most part in extension of facilities and operations and in the building up of reserves. Patronage dividends have been paid on certain phases of the business in recent years.

The grain handling equipment of the company consists of a terminal elevator of 5,500,000 bushels capacity at Port Arthur and a terminal elevator of 1,600,000 bushels at Vancouver, 466 country elevators, 231 flour houses, 293 coal sheds, 5 supply sheds, and 136 agents' cottages. The annual volume of grain handled has ranged from 25,000,000 to 47,000,000 bushels during the past ten years, depending upon the production of grain.

A number of subsidiary agencies are operated by the parent organization. These include, in addition to the New York agency later referred to, Grain Growers Export Company Limited of Canada; United Grain Growers Terminals Limited, which operates terminal elevators at Port Arthur and Vancouver; The Public Press Limited, which publishes *The Country Guide*, a farm and home journal with a circulation of 140,000; United Grain Growers Securities, which conducts a general insurance business; The Farm Supplies Department, which handles chiefly binder twine, coal, and flour. Several other activities have been experimented with in the past with more or less success.

The company's balance sheet as at July 31, 1931, showed combined assets totalling \$12,172,228 and reserves of \$1,710,282. Paid-up share capital stock amounted to \$3,193,410.

In 1931 the company's New York export office was reopened after being closed since 1928. Previous to that time the company had operated an export subsidiary in New York for a number of years.

The Canadian Co-operative Wool Growers Limited

The Canadian Co-operative Wool Growers Limited, with main business offices in Toronto, was formed in 1918 through the amalgamation of seven separate associations into one national wool marketing organization. The company operates in each province through the medium of fourteen sheep breeders' and wool growers' associations. For the most part these are non-stock associations meeting their expenses by a poundage charge for wool handled and a small annual membership fee. The producer enters into a three-year contract to deliver all wool produced by him to the local association and the local in turn contracts to pass on all wool delivered by growers to the central organization. Wool is assembled in warehouses serving various producing areas. The main depot of the association is at Weston, Ontario, which has a capacity for storing 4,000,000 pounds of wool.

The main function of the Canadian Co-operative Wool Growers is to grade and sell the wool with a view to obtaining maximum returns to growers. All returns are pooled on a grade basis by districts. The association carries on advertising and educational work to encourage a larger use of Canadian wool. One department of the association looks after the sale of manufactured woollen goods and another handles materials and supplies for the membership.

The company's report for the year ending February 29, 1932, shows assets valued at \$272,689 and a general reserve of \$80,120. Paid-up capital stock amounts to \$115,110, on which the 2,150 grower shareholders received the annual payment of 6 per cent, amounting to \$6,907 for the year under review. Volume of wool handled by the co-operative during the year amounted to 4,736,070 pounds.



Grading floor at Canadian Co-operative Wool Growers' Warehouse, Weston, Ont.

LEGAL STATUS AND CONTROL POLICIES

Incorporation

Returns received from farmers' business organizations in Canada show that practically all are incorporated. As shown in Table 15 out of a total of 809 associations which replied to the question regarding incorporation 757 or 94 per cent are incorporated.

The large proportion of chartered companies is due in a large measure no doubt to the facilities which are provided in each of the provinces for incorporation through co-operative association Acts. In general the various acts provide that a certain number of persons, usually five or ten may make application to form an incorporated association by submission of the required memorandum to the Registrar of Companies within the province. The registration fees vary between \$1 and \$10. Stock holding privileges are limited by statute to members only and in several of the provinces there is a limitation on the number of shares a member may hold. Dividends on capital stock are limited to 6, 7 or 8 per cent.

Through incorporation under the acts of the provinces the membership of an association safeguards itself against unlimited liability. Voting privileges generally follow the principle of "one member, one vote." No member of a company, incorporated under the acts referred to, is liable for the debts of the company to an amount exceeding the sum remaining unpaid on his membership fee or subscription for shares. Other desirable and protective features of incorporation are that real estate and other property may be owned and transferred in the name of the company and the property interest of its members is made definite and more easily transferable.

TABLE 15.—EXTENT OF INCORPORATION AMONG FARMERS' BUSINESS ORGANIZATIONS IN CANADA, 1932

	Number of associations reporting	Number of associations incorporated	Per cent incorporated
Marketing—			
Dairy products.....	82	79	96.3
Fruits and vegetables.....	103	97	94.2
Live Stock.....	52	41	78.8
Poultry.....	15	14	93.3
Seed and grain.....	22	21	95.4
Miscellaneous.....	47	47	100.0
Total marketing.....	321	299	93.1
Purchasing.....	362	333	92.0
Miscellaneous.....	126	125	99.2
Grand Total.....	809	757	93.6

Pooling of Farm Products

In their marketing agreement or contract with members a number of companies make provision for pooling the products and for the distribution of the proceeds of sale according to differences in quality, variety or time of delivery of the product. Following this practice a member shipper receives his pro-rata share of the average price realized on the shipments during a given period of time.

TABLE 16.—EXTENT OF POOLING AMONG FARMERS' MARKETING ORGANIZATIONS IN CANADA, 1932

	Number of associations reporting	Number of associations which pool farm products	Per cent that pool farm products
Marketing—			
Dairy products.....	64	38	59.4
Fruits and vegetables.....	101	78	77.2
Live stock.....	40	18	45.0
Poultry.....	12	11	91.7
Seed and grain.....	19	11	57.9
Miscellaneous.....	44	44	100.0
Total.....	280	200	71.4

The statistics on pooling given in Table 16 are based on replies received to the question on pooling returns from farm products. In the dairy products group 38 associations out of 64 or 59 per cent replied that they followed the practice of pooling their returns. In the fruit and vegetable group, 68 companies pooled all products and 10 operated partial pools. Twenty-three replied that they did not follow the practice of pooling. For the marketing group as a whole 200 associations out of 280 or 71 per cent replied that they pooled returns. In the purchasing group 12 companies pool returns from farm products which they market for their members.

Contracts

Statistics presented in Table 17 on the use and duration of contracts are based on replies received to this question. Of the marketing associations which replied, 191 or 62 per cent have contracts with their members, and 118 operate without contracts. The terms of the contracts vary from 1 to 10 years duration while a considerable number of the associations had continuous contracts which usually provide for cancellation after due notice has been given. Out of a total of 191 organizations which operate with contracts, 91 or 48 per cent which represents the largest single group, enter into three year contracts with their members.

Contracts are made legal and binding by statute in a number of the provinces, and penalties can be collected for any breach of the terms entered into between producer and the association.

TABLE 17.—CONTRACTS WITH MEMBERS AMONG FARMERS' MARKETING ORGANIZATIONS IN CANADA, 1932

	Number of associations reporting	Number of associations using contracts	Per cent using contracts	Duration of contracts						
				1 yr.	3 yrs.	5 yrs.	7 yrs.	10 yrs.	Continuous	Not stated
Marketing—										
Dairy products.....	77	29	37.7	3	16	6	.....	.....	1	3
Fruits and vegetables.....	98	61	62.2	30	5	2	.....	1	18	5
Live stock.....	55	33	60.0	1	13	15	1	.....	3	.....
Poultry.....	15	12	80.0	2	8	.....	1	.....	1	.....
Seed and grain.....	19	12	63.2	.....	5	5	.....	.....	1	1
Miscellaneous.....	45	44	97.8	.....	44	.....	.....	.....	.....	.....
Total.....	309	191	61.8	36	91	28	2	1	24	9
Percentage of all contracts.....		100.0	.....	18.9	47.6	14.7	1.0	0.5	12.6	4.7

Dividends

Replies to a question on the limitation of dividends are summarized in Table 18. Of a total of 523 companies which replied to the question regarding limitation of dividends, 574 or 71 per cent limit their rate to 6 per cent while 53 companies reported no limitation.

TABLE 18.—LIMITATION OF DIVIDENDS ON CAPITAL STOCK IN FARMERS' BUSINESS ORGANIZATIONS IN CANADA, 1932

	Number of associations reporting	3 to 5 per cent	6 per cent	7 per cent	8 per cent	10 per cent	No limit
Marketing—							
Dairy products.....	49	2	20	3	9	1	14
Fruits and vegetables.....	35	1	11	1	8	1	13
Live stock.....	18	1	5	2	4	.....	6
Poultry.....	4	.....	2	.....	1	.....	1
Seed and grain.....	7	.....	1	1	1	.....	4
Miscellaneous.....	27	.....	26	1	.....	.....	.....
Total marketing.....	140	4	65	8	23	2	38
Purchasing.....	274	1	202	38	17	1	15
Miscellaneous.....	109	.....	107	.....	2	.....	.....
Grand Total.....	523	5	374	46	42	3	53
Percentage.....	100.0	1.0	71.5	8.8	8.0	0.6	10.1

PART II

Business Analysis

In this section of the report the business operations of a number of companies are analysed and reduced to comparable ratios. The study covers the activities of twenty-five dairy and twenty fruit companies and it is expected that the analysis will be extended to other commodity groups.

THE APPLICATION AND PURPOSE OF COMPARATIVE ANALYSIS

The net return per unit of product gives effectiveness to a marketing co-operative's existence. It is dependent upon selling price per unit less cost of operation per unit. The return to producer should be as near to the selling price as good business practice will permit. This is the function of co-operative undertakings and it must always be borne in mind by directors and management in budgeting for cost operations.

In the analysis of marketing enterprises which follows, the business unit has been used in comparisons. The tables and discussion are prepared mainly for the designated companies included in the study. The companies placed within groups for detailed analysis are as nearly comparable in type of business as their limited numbers will allow. By reconstructing balance sheets and operating statements and placing them on a uniform percentage basis comparisons can be made more readily.

If this work can be extended and continued over a period of years it may be possible to arrive at certain standards of performance. Then if some enterprises show consistently successful operation through their business relationships or financial set-ups, it may be possible to make the practice more general or assist new enterprises in adopting such measures of improvement.

ANALYSIS OF THE COMBINED OPERATIONS OF TWENTY-FIVE CO-OPERATIVE DAIRY COMPANIES IN CANADA

Tables 19 and 20 show the combined statements of twenty-five co-operative dairy companies selected from six provinces in Canada. The balance sheet and operating percentages have been worked out for each company and are presented in tabular form on the pages which follow. Identification is available to individual companies for comparison with the average and with other companies. An analysis of this kind shows great variation among companies and certain weaknesses in financial structure and management are brought to the surface. Each of the twenty-five companies is separately owned and controlled. In this "set up" they are combined as one organization in order to give a representative picture of the financial status of co-operative dairying in Canada. On the whole, as brought out in these tables the dairy co-operatives in Canada seem to be in a reasonably sound position and are withstanding the present economic strain in an encouraging manner. It should be borne in mind, however, that this analysis applies to only one year and, therefore, cannot be conclusive. Balance sheets are changing and every day of business brings about a new alignment in the relative position of the items. For that reason balance sheets applicable to the business covering a number of years are necessary to properly evaluate any business and determine whether it is making progress or slipping back. Succeeding years will, therefore, increase the value of statis-

tics which farmers' organizations supply to the Economics Branch for study and analysis. Without this information conclusions cannot satisfactorily be drawn or standard ratios determined. It is hoped, however, that the analysis may be of value to individual companies who can use the ratios as checks to determine their status in relation to the average of all.

The Balance Sheet

An examination of the balance sheet, Table 19 shows that current assets amount to \$1,619,527 and current liabilities \$910,633 or expressed as a ratio 1.78 to 1. This is known as the current ratio. Considered as a single business this would mean that the organization had \$1.78 of readily convertible assets covering each \$1 of current indebtedness. A ratio of 2 to 1 is generally looked upon as a desirable standard for many types of business. Among the twenty-five companies in this group some had current ratios as high as 8 to 1 while others showed up rather poorly with only 45 cents of liquid assets for each \$1 of current liabilities.

TABLE 19.—COMBINED BALANCE SHEETS OF TWENTY-FIVE CO-OPERATIVE DAIRY COMPANIES IN CANADA AS AT DECEMBER 31, 1931

ASSETS—	\$	%
Current Assets:		
Cash on hand and in bank.....	70,095	2.5
Accounts and notes receivable.....	655,791	23.1
Merchandise inventory.....	323,896	11.4
Other.....	569,745	20.0
Total current assets.....	1,619,527	57.0
Fixed Assets:		
Plant, less depreciation.....	1,163,948	41.0
Other.....	55,929	2.0
Total fixed assets.....	1,219,877	43.0
Total assets.....	2,839,404	100.0
LIABILITIES AND NET WORTH—		
Accounts payable.....	256,331	9.0
Bank loans.....	30,459	1.1
Accrued expenses.....	20,369	0.7
Other.....	603,474	21.3
Total current liabilities.....	910,633	32.1
Mortgages.....	89,090	3.1
Other.....	164,335	5.8
Total fixed liabilities.....	253,425	8.9
Net Worth:		
Capital Stock.....	1,098,074	38.7
Reserve, general.....	22,755	0.8
Reserve for contingencies.....	116,066	4.1
Other.....	328,853	11.6
Surplus.....	109,598	3.8
Total net worth.....	1,675,346	59.0
Total liabilities and net worth.....	2,839,404	100.0

Accounts and notes receivable are a rather large item amounting to \$655,791 or 23.1 per cent of total assets. This indicates a fairly free extension of credit among some companies which have accounts owing to them as high as 50 per cent of all assets. The merchandise inventory consists mainly of stocks on hand made up of butter, cheese and other milk products. Expressed as a percentage of total sales this amounts to only 4.9 per cent. The combined value of plant and equipment including real estate amounted to \$1,163,948, less allowance for depreciation, or 41 per cent of total assets.

Current debt of \$910,633 is fairly well covered by immediately convertible assets of \$1,619,527. Long term debt and mortgages of \$253,425 becomes a drag on the business unless it is systematically reduced. The 8.9 per cent average is not serious but for a few individual companies it runs as high as 50 per cent of total liabilities and net worth.

Paid up capital stock totalling \$1,098,074 represents direct investment of 15,538 shareholders in the business or an average investment of \$71.59. Share holding privileges in most companies are limited to producer patrons. For the majority of the dairy companies, the par value of the shares is \$10 or \$25.

Net Worth to Debt

The total net worth which represents the capital provided by members to their business is \$1,675,346 or 59 per cent of the total liabilities and net worth. This is a satisfactory position although some companies drop as low as 20 per cent. For others this percentage exceeds 80 per cent. The worth to debt ratio shown in Table 21 is significant and considered as important as the current ratio in business analysis. In this business it stands 1.44 to 1 which means that ownership is within the business and members interests exceed outside interest by nearly 50 per cent. Some companies show a much stronger position, others are less happily situated with debt exceeding worth.

Business to Plant Value

The ratio of business to plant value is indicative of plant efficiency. Again considering the combined operations as those of one large company the ratio means that the company did \$5.83 worth of business for each \$1 in plant and equipment. Three plants in the survey exceeded \$10 of business for each \$1 of plant value while six companies dropped below \$2 of business for \$1 of plant value. A ratio as low as 2 to 1 suggests a low volume of business in relation to the capacity of the plant. This may be due to lack of patronage or falling production but too often the reason lies in over expansion of plant and equipment in relation to volume of butter-fat. In certain instances the members have been "over-sold" on expensive and elaborate equipment.

TABLE 20.—COMBINED OPERATING STATEMENTS OF TWENTY-FIVE CO-OPERATIVE DAIRY COMPANIES IN CANADA FOR YEAR ENDING DECEMBER 31, 1931

	\$	% of total business	% of gross margin
Total business.....	6,786,598	100.00	
Sales of farm products.....	6,573,128	96.86	
Paid to producers.....	4,440,290	65.43	
Gross margin.....	2,132,838	31.43	
Sales of merchandise.....	149,512	2.20	
Cost of merchandise.....	138,660	2.04	
Gross margin.....	10,852	0.16	
Other receipts.....	63,958	0.94	
Total gross margin.....	2,207,648	32.53	100.00
EXPENSES:			
Wages and salaries.....	503,025	7.41	22.79
Rental.....	11,522	0.17	0.52
Depreciation.....	95,475	1.41	4.32
Supplies.....	18,362	0.27	0.83
Insurance.....	10,935	0.16	0.50
Taxes.....	2,880	0.05	0.13
Advertising.....	3,536	0.05	0.16
Interest on borrowed money.....	5,573	0.08	0.25
Plant maintenance.....	982,835	14.48	44.52
Other.....	314,208	4.63	14.23
Total expenses.....	1,948,351	28.71	88.25
Net operating income.....	259,297	3.82	11.75
Other income.....	3,799	0.06	0.17
Net income for distribution.....	263,096	3.88	11.92
DISPOSITION OF SURPLUS:			
Dividends.....	71,999	1.06	3.26
Patronage refund.....	37,467	0.55	1.70
Carried to reserve.....	95,681	1.41	4.33
Total apportioned.....	205,147	3.02	9.29
Undivided income.....	57,949	0.86	2.63

Net worth may be accompanied by reasonable investment in fixed assets. If the fixed assets exceed net worth to an unreasonable degree the ratio is out of proportion and the company is said to be over-invested in plant. The ratio net worth to fixed assets for this composite group is 1·37 to 1, although in six plants fixed assets are considerably in excess of net worth and the ratio stands about 0·5 to 1. Working capital is the excess of current assets over current liabilities. For the group net working capital amounts to \$708,894, which is 24·97 per cent of total assets.

The Operating Statement

The operating statement shows that the total business of the twenty-five companies grouped together amounted to \$6,786,598. This is made up of sales of farm dairy products amounting to \$6,573,128 or 96·86 per cent of the total business. Sales of merchandise by these companies, which include feeds, fertilizer, and farm implements, amounts to only \$149,512 or 2·20 per cent of the total. Other receipts of \$63,958 made up of revenue from storage, credits, and similar items, amount to 0·94 per cent.

Out of the \$6,573,128 which were obtained by the companies from the sale of milk, butter, and cheese the producer patrons were paid \$4,440,290 or 68 cents on each dollar of sales. Merchandise which cost \$138,660 was sold to producer patrons for \$149,512 at a margin of profit of 7·8 per cent. Altogether the companies had a margin of over \$2,000,000 or 32·53 per cent of total business out of which to pay operating expenses. Among individual companies variations in gross margins are to be found ranging all the way from 40 per cent down to 15 per cent.

One of the large items of expense is wages and salaries, which accounts for 22·79 per cent of total expenses. Taxes and insurance combined use up less than one per cent and less than one quarter of one per cent is devoted to advertising expense. Plant maintenance is a large item. Total expenses were 88·25 per cent of the gross margin, which leaves a balance of 11·75 per cent. This along with other income of 0·17 per cent derived from invested funds, etc., gives 11·92 per cent or nearly one-eighth of the gross margin to be returned to producers as patronage refunds, put into reserve or paid out as dividends on stock.

TABLE 21.—RATIO TESTS APPLIED TO THE COMBINED OPERATIONS OF TWENTY-FIVE CO-OPERATIVE DAIRY COMPANIES IN CANADA FOR YEAR 1931

Current assets to current liabilities.....	1·78 to 1
Worth to debt.....	1·44 to 1
Business to plant value.....	5·83 to 1
Net worth to fixed assets.....	1·37 to 1
Per cent working capital of total assets.....	24·97
Per cent net worth of all liabilities.....	59·00
Per cent expenses of business.....	28·71
Business per emp'oyee.....	\$15,968
Business per patron.....	\$363

All of these companies follow the co-operative principle in the disposition of surplus. The Acts of Incorporation in the majority of the provinces govern the apportionment of the surplus. Usually not less than 10 per cent of the net surplus must be set aside for a reserve fund until an amount has accumulated in the fund equal to at least 30 per cent of the paid-up capital stock. Interest is allowed on paid-up capital stock at a rate varying from 6 to 8 per cent. The remainder is then divided among the patrons and shareholders in proportion to the volume of business which they have done with the association.

Distribution of Net Income

Out of a net income of \$263,096 for distribution the amount carried to reserve for these companies was \$95,681 or 36·4 per cent. Interest on paid-up stock held by shareholders amounted to \$71,999, which is equivalent to a divi-

dend of 6.5 per cent. The sum of \$37,467 was refunded to patrons who contributed to the business and the remainder, \$57,949, was left in the undivided income account.

These dairy companies as a group employed 425 persons, including management and labour. Salaries and wages averaged \$1,183.59 for each employee for the year. An interesting factor in the analysis is the business per employee, which for all companies average \$15,968 for the year. For some companies this exceeded \$20,000, for others it dropped as low as \$3,000, which would suggest in the latter instance that labour was not employed to full advantage.

Patrons numbered 18,675 and each contributed on the average \$363 of business. This item varied all the way from over \$4,000 to less than \$100. This variation is largely dependent on the degree of specialization in dairying among patrons of the creamery. For many patrons dairying is a side line enterprise on their farms.

COMPARATIVE OPERATING PERCENTAGES AND UNIT COSTS FOR SIX CO-OPERATIVE DAIRY COMPANIES IN CANADA

Tables 22 and 23 show comparative operating statements, unit costs and test ratios of six co-operative creameries in Canada. Plants A, B and C manufacture butter and some ice cream. Plant D conducts a retail fluid milk business and manufactures butter and ice cream. Plants E and F manufacture butter only. Two plants B and F do a very small merchandising business, the others are straight marketing companies.

The plants resemble one another in that they accept butter-fat from their farmer patrons and pay for the butter-fat units out of the selling price less cost of operation per unit. The companies are not comparable in their methods of operation or in the products which they handle although in considering the amount of butter-fat handled annually they are within comparable range limits. The purpose of the discussion under this subheading is to bring out the differences in unit costs and ratios. The important points are the sales value per pound butter-fat and the price paid to producers per pound of butter-fat.

TABLE 22.—COMPARATIVE OPERATING STATEMENTS OF SIX CO-OPERATIVE DAIRY COMPANIES IN CANADA FOR YEAR 1931*

	A		B		C		D		E		F	
	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin
Total business.....	100.0		100.0		100.0		100.0		100.0		100.0	
Sales of farm products.....	93.7		98.5		100.0		95.6		100.0		99.3	
Paid to producers.....	75.8		70.0		76.1		66.8		73.3		71.6	
Gross margin.....	23.9		28.5		23.9		28.8		26.7		27.7	
Sales of merchandise.....			1.5								0.3	
Cost of merchandise.....			1.3								3.8	
Gross margin.....			0.2								-3.5	
Other receipts.....	0.3						4.4				0.4	
Total gross margin.....	24.2	100.0	28.7	100.0	23.9	100.0	33.2	100.0	26.7	100.0	24.6	100.0
EXPENSES												
Wages and salaries.....	10.5	43.7	9.6	33.6	9.5	39.6	12.5	37.7	4.3	16.2	7.7	31.2
Rental.....	0.6	2.6	0.6	2.1	1.4	5.7					3.0	12.2
Depreciation.....	0.7	2.8	1.5	5.1	1.4	6.0	4.5	13.7	1.1	4.1	0.4	1.7
Supplies.....	2.7	11.3	5.0	17.3	3.9	16.2	2.0	6.1			0.7	3.0
Insurance.....	0.2	0.7	0.3	1.0	0.3	1.4	1.0	3.0			0.3	1.2
Taxes.....	0.3	1.2	0.4	1.4	0.3	1.3	0.9	2.6			0.1	0.4
Advertising.....	0.3	1.1	0.4	1.2	0.3	1.1	1.9	5.8			0.6	2.3
Interest on borrowed money.....	1.8	7.3	2.4	8.5	3.1	13.1	2.0	5.9			0.3	1.0
Maintenance.....	2.2	9.2	3.4	11.9	2.7	11.2	5.0	15.0			10.3	42.1
Other.....	2.8	11.4	2.8	9.8	3.0	12.6	2.2	6.4	15.5	58.0	2.5	10.2
Total expenses.....	22.1	91.3	26.4	91.9	25.9	108.2	32.0	96.2	20.9	78.3	25.9	105.3
Net operating income.....	2.1	8.7	2.3	8.1	-2.0	-8.2	1.2	3.8	5.8	21.7	-1.2	-5.3

*Individual plants are designated by letters A, B, C, etc.

Although the companies used in this comparison find different outlets for their products in the form of fluid milk, ice cream or butter the common denominator of all is butter-fat. The sales values of all products are therefore lumped together and pro-rated over the number of pounds of butter-fat handled. This gives us the selling price of one pound of butter-fat. For plants A, B and C which manufacture butter and ice cream it was 34.1 cents, 30.6 cents and 27.3 cents respectively as shown in Table 23. Company D in the retail fluid milk business and also making some butter and ice cream received an average of 40.7 cents per pound, while E and F which are straight butter manufactories sold for 36.3 and 32.8 cents respectively. The farmer who delivered the butter-fat to the dairy company as milk or cream is mainly interested in the settling rate or the price he receives regardless of the form in which it is marketed.

The price paid to producers for the butter-fat delivered to the plants ranged between 20.7 and 26.6 cents per pound. The highest price was paid by a company engaged solely in the manufacture of butter. As well as paying the highest price to its patrons this company operated on a narrower margin than most companies and made a profit of 2.1 cents per pound. Further analysis shows that this company's expenses were 20.9 per cent of total business, the lowest in the group. In all ratio tests applied to its business it shows up strongly with the exception of its net worth position. The ratios net worth to fixed assets and worth to debt are not all that could be desired. The company appears to be operating to a considerable extent on borrowed capital.

As one would expect company D engaged in the fluid milk business has higher than average operating costs. High unit costs, however, are offset by a higher selling price which leaves a net return to producer of about the same amount as other companies paid. This appears rather low for a company that has the advantage of a near-by fluid milk market. The operating percentages and ratio tests suggest where a weakness lies. Wages and salaries amounting to 12.5 per cent of the business are somewhat out of line. The ratio business to plant value stands at 1.33 to 1 which means that the company did \$1.33 of business for each \$1 invested in plant and equipment. The ratio indicates that the plant is operating at low capacity with the result that unit costs are high. Further, business of \$8,352.80 per employee is comparatively low.

TABLE 23.—COMPARATIVE UNIT COSTS AND TEST RATIOS FOR SIX CO-OPERATIVE DAIRY COMPANIES IN CANADA FOR YEAR 1931*

—	A	B	C	D	E	F
Sales value per pound butter-fat..... c	34.1	30.6	27.3	40.7	36.3	32.8
Paid to producers per pound butter-fat..... c	25.9	21.7	20.7	26.3	26.6	23.6
Operating costs per pound butter-fat..... c	7.5	8.2	7.1	14.1	7.6	8.5
Profit per pound butter-fat..... c	0.7	0.7	-0.5	0.3	2.1	-0.4
Current assets to current liabilities.....	3.33 to 1	3.14 to 1	1.90 to 1	1.27 to 1	2.25 to 1	0.83 to 1
Worth to debt.....	3.25 to 1	3.22 to 1	2.75 to 1	1.64 to 1	1.19 to 1	.....
Business to plant value.....	5.05 to 1	4.71 to 1	2.88 to 1	1.33 to 1	10.31 to 1	.....
Net worth to fixed assets.....	1.42 to 1	1.49 to 1	1.20 to 1	0.85 to 1	1.36 to 1	.....
Cash and receivables to current liabilities.....	2.35 to 1	2.26 to 1	1.34 to 1	0.64 to 1	1.40 to 1	0.54 to 1
Per cent working capital of total assets.....	26.2	28.5	14.0	5.7	35.4	.....
Per cent expenses of business.....	22.1	26.4	25.9	32.0	20.9	25.9
Business per employee..... \$	18,176.64	21,332.33	19,605.11	8,352.80	22,734.95	49,170.60
Business per patron..... \$	.....	.....	.....	147.40	186.01	702.40

*Individual plants are designated by letters A, B, C, etc.

Although for plants A, B and C the ratios suggest under-capacity operation the plants show a fairly strong position in most tests and they are operating on a comparatively narrow margin. The straight butter manufacturing plants operated on roughly a 25 per cent gross margin. Plant C which paid back 76.1 per cent of the sales price to its patrons was unable to cover expenses

with the 23.9 per cent retained and operated at a loss. Interest on borrowed money is a large item for this plant amounting to 13.1 per cent of expenses. Company F shows a large item for rental and maintenance expenses appear comparatively large and out of line.

ANALYSIS OF THE OPERATIONS OF NINE CO-OPERATIVE DAIRY COMPANIES IN BRITISH COLUMBIA

An examination of the records and financial statements from co-operative dairy products' companies in British Columbia reveals a number of interesting and useful comparisons. When arranged in tabular form and certain ratio tests applied, factors of strength and weakness are discovered in the financial structure and operations of individual companies. Such comparisons are set forth in the Tables 24 to 26 which are prepared from returns of nine dairy co-operatives in British Columbia covering the business year of 1931.

TABLE 24.—COMPARATIVE BALANCE SHEETS OF NINE CO-OPERATIVE DAIRY COMPANIES IN BRITISH COLUMBIA AS AT DECEMBER 31, 1931*

—	Total all companies		A	B	C	D	E	F	G	H	I
	\$	%	%	%	%	%	%	%	%	%	%
ASSETS											
<i>Current Assets</i>											
Cash on hand and in bank.....	53,939	3.5	2.4	4.1	21.4	12.4	0.0	0.4	0.1	3.4	2.7
Accounts and notes receivable.....	401,695	26.1	51.5	14.8	50.1	19.6	25.3	8.0	10.7	23.6	60.1
Merchandise inventory.....	260,334	16.9	23.9	4.0	6.7	9.0	.....	13.1	14.6	16.5	33.4
Other.....	440,977	28.7	0.6	0.0	0.0	0.0	.....	.....	0.9	33.6	.....
Total current assets.....	1,156,945	75.2	78.4	22.9	78.2	41.0	25.3	21.5	26.3	77.1	96.2
<i>Fixed Assets</i>											
Plant, less depreciation.....	351,102	22.8	21.6	72.5	20.1	43.8	73.3	78.1	73.7	21.0	0.7
Other.....	31,217	2.0	.....	4.6	1.7	15.2	1.4	0.4	.....	1.9	3.1
Total fixed assets.....	382,319	24.8	21.6	77.1	21.8	59.0	74.7	78.5	73.7	22.9	3.8
Total Assets.....	1,539,264	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LIABILITIES AND NET WORTH											
Accounts payable.....	217,260	14.1	18.3	6.6	0.8	9.3	.....	17.4	3.2	14.5	4.8
Other.....	29,519	1.9	.....	.....	.....	0.1	.....	0.1	.....	.....	111.4
Total current liabilities.....	246,779	16.0	18.3	6.6	0.8	9.4	.....	17.5	3.2	14.5	116.2
Mortgages.....	19,928	1.3	8.9	35.5	.....	.....	.....	48.6	4.1	.....	.....
Other.....	134,894	8.8	1.5	.....	10.1	11.6	50.9	.....	3.5	9.5	.....
Total fixed liabilities.....	154,822	10.1	10.4	35.5	10.1	11.6	50.9	48.6	7.6	9.5	.....
<i>Net Worth</i>											
Capital stock.....	955,567	62.1	51.1	40.0	83.5	7.0	38.5	44.4	13.2	66.6	1.3
Reserve for contingencies.....	20,315	1.3	16.0	.....	.....	72.0	.....	.....	10.4	.....	.....
Other.....	128,543	8.4	.....	.....	.....	.....	.....	.....	45.0	9.4	17.5
Surplus.....	33,238	2.1	4.2	17.9	5.6	.....	10.6	10.5	20.6	.....	.....
Total net worth.....	1,137,663	73.9	71.3	57.9	89.1	79.0	49.1	33.9	89.2	76.0	16.2
Total liabilities and net worth.....	1,539,264	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Individual plants are designated by letters A, B, C, etc.

The Balance Sheet

The balance sheet in Table 24 is a consolidation of financial statements from the nine companies. This gives a picture of the size and solvency of the co-operatively owned dairy business in British Columbia. In the same table the relative position of individual plants may be determined by comparison with the figures for the totals of all companies or with individual companies.

In studying any single balance sheet it must be borne in mind that it gives the financial situation as existing at a certain time only. Every day of business transactions brings about some change in the relative position of the items. For that reason balance sheets applicable to the business covering a number of years are necessary to properly evaluate any business and determine whether it is making progress or slipping back. Succeeding years will, therefore, increase

the value of statistics which farmers' business organizations supply to the Economics Branch for study and analysis. Without this information conclusions cannot satisfactorily be drawn and for that reason this discussion will be limited to a statement of the situation as at present existing among the companies. The same reservation applies to comparisons between companies within the group. The main purpose of the study, therefore, is to show methods and mechanics of financial analysis which can be followed in analysing businesses of this type.



Headquarters Fraser Valley Milk Producers' Association, Vancouver, B.C.

Assets and Liabilities

The assets of the nine dairy companies that reported in British Columbia as shown in Table 24 amount to \$1,539,264 of which 75·2 per cent or \$1,156,945 are current or of a readily convertible nature. The balance amounting to \$382,319 or 24·8 per cent is invested mainly in plant and equipment. As will be noticed in following through the table, this relationship does not hold for all companies and in some cases it is practically reversed as in the case of plants B, E, F and G. Current assets are useful when ready cash is required but some companies seem to show too heavy a proportion in accounts receivable e.g., plants A and C with over 50 per cent which indicates that considerable credit has been advanced and if carried for a length of time or increased would be considered unsound. Fixed liabilities of plants B, E and F are out of line and plant I shows an unfavourable debt situation with current liabilities in excess of assets.

Most dairy co-operatives in British Columbia are organized on the joint stock plan with stock holders carrying an average of 62·1 per cent of claims on the business. This is a favourable position although here again a number of companies fail to measure up. Funds in reserve for contingencies which show only in three out of the nine balance sheets would strengthen the position of the companies and make them better able to withstand difficult periods such as they are experiencing at the present. A surplus was earned by three out of the nine plants.

Operating Statement

The total business transacted by all companies reporting amounted to \$3,915,447 as shown in Table 25. Of this 94.9 per cent is made up of sales of farm products in the form of butter and other by-products. Under merchandise sales, 3.7 per cent is contributed by four companies which do some purchasing of supplies for their members.

TABLE 25.—COMPARATIVE OPERATING STATEMENTS OF NINE CO-OPERATIVE DAIRY COMPANIES IN BRITISH COLUMBIA FOR THE YEAR ENDING DECEMBER 31, 1931*

	Total all companies	A	B	C	D	E	F	G	H	I
	\$	%	%	%	%	%	%	%	%	%
Total business.....	3,915,447	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sales of farm products.....	3,715,040	94.9	46.9	100.0	100.0	94.1	100.0	95.1	99.8	97.7
Paid to producers.....	2,358,656	60.2	39.1	65.0	68.7	82.7	86.4	65.7	71.7	60.2
Gross margin.....	1,356,384	34.7	7.8	35.0	31.3	11.4	13.6	29.4	28.1	37.5
Sales of merchandise.....	144,405	3.7	53.1	.....	.....	4.4	.....	.....	.....	0.7
Cost of merchandise.....	133,711	3.4	46.3	.....	.....	3.7	.....	.....	.....	0.7
Gross margin.....	10,694	0.3	6.8	.....	.....	0.7	.....	.....	.....	0.0
Other receipts.....	56,002	1.3	.....	.....	.....	1.5	.....	4.8	0.1	1.6
Total gross margin.....	1,423,080	36.3	14.6	35.0	31.3	13.6	13.6	34.2	28.2	39.1
EXPENSES										
Wages and salaries.....	218,436	5.6	5.7	13.2	12.1	9.4	0.6	16.9	7.8	5.2
Rental.....	11,522	0.3	.....	.....	1.8	.....	.....	.....	.....	0.2
Depreciation.....	44,257	1.1	1.5	2.3	1.6	1.5	3.4	1.3	0.6	1.1
Plant maintenance, etc.....	961,158	24.5	4.8	16.3	12.7	3.4	.....	19.4	18.5	27.1
Insurance.....	7,982	0.2	0.5	.....	0.3	0.2	.....	.....	0.3	0.2
Miscellaneous.....	3,305	0.1	.....	.....	.....	1.5	2.1	.....	0.2	0.1
Total expenses.....	1,246,660	31.8	12.5	31.8	28.5	16.0	6.1	37.6	27.4	33.9
Net operating income.....	176,420	4.5	2.1	3.2	2.8	-2.4	7.5	-3.4	0.8	5.2
DISPOSITION OF SURPLUS										
Dividends on capital.....	69,776	1.8	.....	1.3	2.6	.....	.....	.....	0.2	2.0
Carried to reserve.....	47,011	1.2	0.6	.....	.....	.....	.....	.....	0.2	1.4
Other.....	10	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total apportioned.....	116,797	3.0	0.6	1.3	2.6	.....	.....	.....	0.4	3.4
Undivided income.....	59,623	1.5	1.5	1.9	0.2	.....	7.5	.....	0.4	1.8

*Individual plants are designated by letters A, B, C, etc.

The gross margin for all companies amounts to \$1,423,080 or 36.3 per cent of the total business. Expenses are paid out of the gross margin and what remains is surplus to be returned to stockholders or patrons. Some interesting comparisons can be made under this item in Table 25. Plant A was able to operate on a margin of 14.6 cents in each dollar of business transacted, of which 12.5 cents covered expenses leaving 2.1 cents for surplus. A number of the plants require margins to cover expenses which appear high in comparison. Wages and salaries make up from one-third to one-half of total expenses except in the case of Plant H where labour amounts to about 15 per cent of all expenses. In some cases the margin was not high enough to cover the expenses of operation and the business experienced a loss of from one to three cents in each dollar of business. This applies to Plants D, F and I.

Ratio Tests

Table 26 consists of a number of ratios, percentages and unit measurements which are indicators of solvency and efficiency. For all companies \$4.69 of readily convertible assets covers each dollar of current liabilities which includes accounts payable and bank loans. Some plants are above this figure while others drop considerably below. A ratio of 2 to 1 is generally considered a fair margin of safety in many types of business and may be used as a guide here. The ratio business to plant value indicates at what capacity the plant is operating. The ratio of 11.15 for all plants means that on the average they

are handling \$11.15 worth of business for each \$1 invested in plant and equipment. When the ratio drops below 5 to 1 plants are apparently not receiving sufficient volume to make them economical units of operation. Business per employee indicates whether or not the labour used is being fully employed. There is considerable variation in business per patron. Plant A which does considerable buying for its patrons as well as marketing their products is comparatively high. The smaller amounts of business contributed by patrons may be due to the nature of farming in the district. If dairying is one of a number of enterprises the amount would be expected to be low while in a specialized dairying section it would be considerably higher.

TABLE 26.—RATIO TESTS APPLIED TO OPERATIONS OF NINE CO-OPERATIVE DAIRY COMPANIES IN BRITISH COLUMBIA FOR THE YEAR 1931¹

—	All ²	A	B	C	D	E	F	G	H	I
Current assets to current liabilities.....	4.69 to 1	4.29	3.48	101.69	4.37	.....	1.23	8.27	5.33	0.83
Worth to debt.....	2.83 to 1	2.48	1.37	8.15	3.77	0.97	0.51	8.23	3.16	.....
Business to plant value.....	11.15 to 1	9.16	1.67	15.80	3.34	1.92	1.19	7.13	12.00	3.32
Net worth to fixed assets.....	2.98 to 1	3.31	0.75	4.09	1.34	0.66	0.43	1.21	3.32	.....
Per cent working capital of total assets.....	59.13	60.17	16.33	77.46	31.59	25.33	3.96	23.12	62.61	.....
Per cent net worth of all liabilities.....	73.9	71.3	57.9	89.1	79.0	49.1	33.9	89.2	76.0	1.1
Per cent expenses of business.....	31.8	12.5	31.8	28.5	16.0	6.1	37.6	27.4	33.9	25.6
Business per employee..... \$	21,632	15,897	6,570	12,089	14,581	9,973	2,966	14,514	23,938	16,225
Business per patron..... \$	739	1,130	173	324	292	1,247	117	258	934	232

¹ Individual plants are designated by letters A, B, C, etc.

² Considering the ratios in the form of a fraction 1 is to be understood as the denominator in all cases.

In a number of companies immediately maturing debts are covered with a fair percentage of cash on hand while others drop below the safety point. When the net worth amounts to 60 per cent or more of combined net worth and liabilities a company may be considered in a fairly sound financial condition in that respect. Most of the companies listed come close to or above this proportion. Earnings on the net worth which represents money invested by shareholders were good for two or three companies while others dropped quite low and failed to pay a reasonable return.

ANALYSIS OF THE OPERATIONS OF EIGHT CO-OPERATIVE DAIRY COMPANIES IN ALBERTA, SASKATCHEWAN AND MANITOBA

The balance sheet and operating percentages for eight co-operative dairy companies in the provinces of Alberta, Saskatchewan and Manitoba covering the year 1931 are shown in Tables 27 and 28. Table 29 deals with a number of test ratios applied to the items in the balance sheet and the operations of the companies. The analysis is confined to locally organized co-operatives. In order that it may be comparable, companies with branch plants are not included.

As shown in Table 27 total assets for all companies amount to nearly one million dollars. Of this total, plant and equipment account for sixty per cent. The item accounts and notes receivable show that over one-fifth of all assets are included under this heading.

The amount of current liabilities is relatively high and in excess of liquid assets. In general this position is not looked upon as being satisfactory and companies which find themselves in such a position usually take steps to correct it. This relationship as expressed in Table 29 for all companies is 0.63 to 1 or in other words if the plants converted their quick assets into cash, they would have 63 cents to meet each \$1 of current liabilities. A ratio of 2 to 1 is generally regarded as a desirable standard. This means that a business should have at least \$2 of quickly convertible assets to cover \$1 of current liabilities. Plants O, S and U meet these requirements.

TABLE 27.—COMPARATIVE BALANCE SHEETS OF EIGHT CO-OPERATIVE DAIRY COMPANIES IN ALBERTA, SASKATCHEWAN AND MANITOBA AS AT DECEMBER 31, 1931*

—	Total all companies		O	P	Q	R	S	T	U	V
	\$	%	%	%	%	%	%	%	%	%
ASSETS										
<i>Currents Assets</i>										
Cash on hand and in bank.....	7,367	0.75	4.6	.....	.....	.....	4.3	.....	0.1	3.7
Accounts and notes receivable.....	207,385	21.14	31.2	4.9	11.0	18.5	16.0	40.5	29.2	18.9
Merchandise inventory.....	44,650	4.55	21.8	.....	.....	.....	13.6	.....	46.2	30.0
Other.....	114,557	11.67	.....	13.3	14.6	23.1	0.7	0.6	0.9	2.9
Total current assets.....	373,959	38.11	56.6	18.2	25.6	41.6	34.6	41.1	76.4	55.5
<i>Fixed Assets</i>										
Plant, less depreciation.....	583,641	59.48	39.1	75.5	68.4	58.4	62.8	58.9	23.6	44.5
Other.....	23,617	2.41	3.3	6.3	6.0	.....	2.6	.....	.....	.....
Total fixed assets.....	607,258	61.89	42.4	81.8	74.4	58.4	65.4	58.9	23.6	44.5
Total Assets.....	981,217	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LIABILITIES AND NET WORTH										
Accounts payable.....	17,385	1.77	10.3	.....	.....	.....	13.2	.....	0.3	11.4
Bank loans.....	21,466	2.19	7.5	.....	.....	.....	.....	.....	22.0	50.7
Accrued expenses.....	10,852	1.10	7.7	.....	.....	.....	3.2	.....	.....	.....
Other.....	543,461	55.39	.....	77.7	78.1	68.9	.....	50.4	3.8	.....
Total current liabilities.....	593,164	60.45	25.5	77.7	78.1	68.9	16.4	50.4	26.1	62.1
Mortgages.....	32,072	3.27	20.2	.....	.....	.....	33.7	.....	.....	.....
Other.....	6,728	0.69	.....	3.6	.....	.....	.....	.....	.....	.....
Total fixed liabilities.....	38,800	3.96	20.2	3.6	.....	.....	33.7	.....	.....	.....
<i>Net Worth</i>										
Capital stock.....	24,521	2.50	.....	3.3	.....	.....	20.4	.....	54.3	31.0
Reserve, general.....	12,628	1.29	9.5	.....	.....	.....	.....	.....	.....	.....
Reserve for contingencies.....	46,299	4.72	4.4	8.0	4.5	6.6	.....	.....	.....	.....
Other.....	200,310	20.41	37.9	7.4	17.4	8.7	.....	47.3	.....	.....
Surplus.....	65,495	6.67	2.5	.....	.....	15.8	29.5	2.3	19.6	6.9
Total net worth.....	349,253	35.59	54.3	18.7	21.9	31.1	49.9	49.6	73.9	37.9
Total liabilities and net worth.....	981,217	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Individual plants are designated by letters O, P, Q, etc.

Capital stock, which is the members' share of direct investment, amounts to \$24,521 or two and one-half per cent of all liabilities and net worth. A significant factor in the analysis shown in Table 29 is the per cent of net worth to liabilities and net worth. This averages 35.59 with one plant dropping as low as 18.70. This represents the equity of members in the business and the comparatively low ratio indicates that money has been provided by outside sources in the form of credit. As long as the line of credit is dependable and not too costly it may be good business policy to adhere to such a plan. Too great reliance on the dependability of a long line of credit from outside sources is sometimes hazardous. In the long run it is usually wise to work steadily and consistently towards a full producer-member owned and controlled business.

The ratio business to plant value for all companies is 3.80 which means that they did \$3.80 worth of business for each \$1 invested in plant and equipment. This is about \$2 below the average of 5.83 for twenty-five companies, Table 21. Plants O and U are considerably above this average. Business per employee shows considerable variation. For all plants there are a total of 10,103 patrons which are served by a total of 174 employees or 58 patrons per employee.

The operating statement presents a satisfactory condition. Total sales of dairy products amounted to \$2,218,973 and other receipts amounted to \$1,893. Of the total sales value of the products marketed \$1,586,169 or 71.42 per cent was returned to the producers. The gross margin on which all plants operated amounted to \$634,697 or on the average 28.58 per cent of the value of sales. Wages and salaries took \$212,137 which amounts to 9.55 per cent of total business or 33.4 per cent of the gross operating margin. Reserves were strengthened to the extent of \$44,135 and the total patronage refund amounted to \$34,780.

TABLE 28.—COMPARATIVE OPERATING STATEMENTS OF EIGHT CO-OPERATIVE DAIRY COMPANIES IN ALBERTA, SASKATCHEWAN AND MANITOBA FOR YEAR ENDING DECEMBER 31, 1931*

—	Total all companies		O	P	Q	R	S	T	U	V
	\$	%	%	%	%	%	%	%	%	%
Total business.....	2,220,866	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sales of farm products.....	2,218,973	99.91	100.0	100.0	100.0	100.0	92.5	100.0	100.0	100.0
Paid to producers.....	1,586,169	71.42	73.3	65.7	62.9	68.6	59.8	81.2	67.4	97.0
Gross margin.....	632,804	28.49	26.7	34.3	37.1	31.4	32.7	18.8	32.6	3.0
Sales of merchandise.....										
Cost of merchandise.....										
Gross margin.....										
Other receipts.....	1,893	0.09					7.5			
Total gross margin.....	634,697	28.58	26.7	34.3	37.1	31.4	40.2	18.8	32.6	3.0
<i>Expenses</i>										
Wages and salaries.....	212,137	9.55	4.3	24.7	7.6	9.3	12.8	5.9	13.3	3.7
Rental.....										
Depreciation.....	39,584	1.78	1.1	3.7	1.8	1.9		1.1	1.6	0.8
Supplies.....	4,259	0.19					6.3		4.8	1.1
Insurance.....	451	0.02					0.9			1.1
Taxes.....	496	0.02					1.5			0.6
Advertising.....	110	0.01					0.4			
Interest on borrowed money.....	949	0.04					2.3			1.7
Plant maintenance.....	984	0.05							1.9	
Other expenses.....	289,326	13.03	15.5	1.6	20.1	16.3	16.0	10.5	8.4	1.5
Total expenses.....	548,296	24.69	20.9	30.0	29.5	27.5	40.2	17.5	30.0	10.5
Net operating income.....	86,401	3.89	5.8	4.3	7.6	3.9	0.0	1.3	2.6	-7.5
Other income.....										
Net income for distribution.....	86,401	3.89	5.8	4.3	7.6	3.9	0.0	1.3	2.6	-7.5
<i>Disposition of Surplus</i>										
Dividends.....	436	0.02		0.2						
Patronage refund.....	34,780	1.56	2.5		5.3	1.8				
Carried to reserve.....	44,135	1.99	3.3	3.7	2.3	2.1				
Total apportioned.....	79,351	3.57	5.8	3.9	7.6	3.9				
Undivided income.....	7,050	0.32	0.0	0.4	0.0	0.0	0.0	1.3	2.6	-7.5

*Individual plants are designated by letters O, P, Q, etc.

TABLE 29.—RATIO TESTS APPLIED TO OPERATIONS OF EIGHT CO-OPERATIVE DAIRY COMPANIES IN ALBERTA, SASKATCHEWAN AND MANITOBA FOR THE YEAR 1931¹

—	All ²	O	P	Q	R	S	T	U	V
Current assets to current liabilities.....	0.63 to 1	2.26	0.23	0.33	0.60	2.11	0.82	2.92	0.89
Worth to debt.....	0.55 to 1	1.19	0.23	0.28	0.45	1.00	0.98	2.83	0.61
Business to plant value.....	3.80 to 1	7.82	2.00	2.44	4.26	2.66	4.28	10.64	3.48
Net worth to fixed assets.....	0.58 to 1	1.28	0.23	0.29	0.53	0.76	0.84	3.13	0.85
Per cent working capital of total assets.....		32.05				18.19		50.28	
Per cent net worth of all liabilities.....	35.59	54.28	18.70	21.88	31.08	49.91	49.60	73.87	37.94
Per cent expenses of business.....	24.69	20.9	30.0	29.5	27.5	40.2	17.5	30.0	10.5
Business per employee..... \$	12,764	22,735	5,700	13,023	14,330	6,291	17,568	12,731	7,127
Business per patron..... \$	220	186	4,191	130	217	514	261	184	86

¹Individual plants are designated by letters O, P, Q, etc.²Considering the ratios in the form of a fraction 1 is to be understood as the denominator in all cases.

ANALYSIS OF THE OPERATIONS OF EIGHT CO-OPERATIVE DAIRY COMPANIES IN ONTARIO AND NOVA SCOTIA

The balance sheet items of five co-operative dairy companies in Nova Scotia and three companies in Ontario are combined in Table 30 and the relation of the items to the total expressed in percentages. The items for the individual companies are reduced to a percentage basis for comparison among companies and with the average.

Considerable variation in the items making up the balance sheet are disclosed in this Table. Total current assets of the eight companies amount to \$88,623 or 27.8 per cent of the total assets. For each company and on the average accounts and notes receivable make up about one-half of current assets. The merchandise inventory is small as very few of the companies are engaged in a supply business. The large item in fixed assets is plant, including real estate which amounts to \$229,205 or 71.9 per cent of all assets.

TABLE 30.—COMPARATIVE BALANCE SHEETS OF EIGHT CO-OPERATIVE DAIRY COMPANIES IN NOVA SCOTIA AND ONTARIO AS AT DECEMBER 31, 1931*

—	Total all companies		J	K	L	M	N	W	X	Y
	\$	%	%	%	%	%	%	%	%	%
ASSETS										
<i>Current Assets</i>										
Cash on hand and in bank.....	8,789	2.8	1.2	19.7	2.3	9.2	0.3	.....	0.9	1.8
Accounts and notes receivable.....	46,711	14.6	9.4	23.3	19.5	20.0	13.3	37.9	5.0	6.3
Merchandise inventory.....	18,912	5.9	4.2	8.7	14.9	6.2	8.8	.....	3.6	1.4
Other.....	14,211	4.5	3.7	.....	.....	.....	4.4	12.5	.....	7.0
Total current assets.....	88,623	27.8	18.5	51.7	36.7	35.4	26.8	50.4	10.4	16.5
<i>Fixed Assets</i>										
Plant, less depreciation.....	229,205	71.9	81.5	48.3	63.3	64.6	72.4	49.6	89.6	83.5
Other.....	1,095	0.3	.....	.....	.....	.....	0.8	.....	.....	.....
Total fixed assets.....	230,300	72.2	81.5	48.3	63.3	64.6	73.2	49.6	89.6	83.5
Total assets.....	318,923	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LIABILITIES AND NET WORTH										
<i>Current liabilities</i>										
Accounts payable, etc.....	21,686	6.8	4.6	4.2	23.0	11.0	1.6	.....	.....	18.4
Bank loans.....	8,993	2.8	.....	.....	.....	.....	.....	.....	91.4	3.5
Accrued expenses.....	9,517	3.0	.....	26.7	.....	.....	.....	.....	10.9	7.8
Other.....	30,494	9.6	.....	.....	.....	.....	19.5	14.1	.....	3.1
Total current liabilities.....	70,690	22.2	4.6	30.9	23.0	11.0	21.1	14.1	102.3	32.8
Mortgages, etc.....	37,090	11.6	.....	.....	.....	.....	16.7	.....	.....	25.2
Other.....	22,713	7.1	.....	.....	.....	.....	.....	23.4	.....	28.0
Total fixed liabilities.....	59,803	18.7	.....	.....	.....	.....	16.7	23.4	.....	53.2
<i>Net Worth</i>										
Capital stock.....	117,986	37.0	54.6	11.6	34.4	2.6	53.2	30.1	.....	29.4
Reserve, general.....	10,127	3.2	24.3	13.0	.....	.....	.....	.....	.....	.....
Reserve for contingencies.....	49,452	15.5	.....	44.5	.....	85.9	.....	32.4	.....	.....
Surplus.....	10,865	3.4	16.5	.....	42.6	0.5	9.0	.....	-2.3	-15.4
Total net worth.....	188,430	59.1	95.4	69.1	77.0	89.0	62.2	62.5	-2.3	14.0
Total liabilities and net worth.....	318,923	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Nova Scotia plants are designated by letters J, K, L, M, N—Ontario, W, X, Y.

The ratio, business to plant value, in Table 32 tests the operating capacities of the various companies. The average for all as shown in the first column is 2.84 to 1. This means that the companies combined did \$2.84 of business for each \$1 invested in plant and equipment. This is below the average of 5.83 to 1 for twenty-five companies, Table 21, and for a number of plants represented in this table indicates a volume of business considerably under productive capacity.

Current Liabilities

Current liabilities which consist of accounts payable, bank loans, and accrued expenses amount to 22.2 per cent of all liabilities. When the current ratio test is applied and current liabilities are set off against current assets the ratio stands 1.25 to 1, which means the companies as a group have \$1.25 in liquid capital off-setting \$1 of current indebtedness. A ratio of 2 to 1 is generally considered a desirable standard for many types of business. Companies J, M, and W have a higher ratio and present a sound liquid position in this regard. Two companies have less than one dollar of liquid assets covering each dollar of current debt. Such a position would not be regarded as secure if maintained for any lengthy period. Due to the fact that these figures cover only one year's business, however, conclusive statements cannot be made. A few months of business activity may alter the alignment of the balance sheet items considerably.



Thunder Bay Co-operative Dairy Limited, Port Arthur, Ont.

TABLE 31.—COMPARATIVE OPERATING STATEMENTS OF EIGHT CO-OPERATIVE DAIRY COMPANIES IN NOVA SCOTIA AND ONTARIO FOR THE YEAR ENDING DECEMBER 31, 1931*

—	Total all companies		J	K	L	M	N	W	X	Y
	\$	%	%	%	%	%	%	%	%	%
Total business.....	650,285	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sales of farm products.....	639,115	98.3	91.1	99.8	100.0	99.6	95.6	99.5	98.5	100.0
Paid to producers.....	495,465	76.2	69.1	81.2	84.7	85.1	66.8	83.2	72.7	72.6
Gross margin.....	143,650	22.1	22.0	18.6	15.3	14.5	28.8	16.3	25.8	27.4
Sales of merchandise.....	5,107	0.8	8.8	0.2	.....	.....	.....	0.5	0.8	.....
Cost of merchandise.....	4,949	0.8	8.6	0.2	.....	.....	.....	0.5	0.4	.....
Gross margin.....	158	0.0	0.2	0.0	.....	.....	.....	.....	0.4	.....
Other receipts.....	6,063	0.9	.....	.....	.....	0.4	4.4	.....	0.8	.....
Total gross margin.....	149,871	23.0	22.2	18.6	15.3	14.9	33.2	16.3	27.0	27.4
<i>Expenses</i>										
Wages and salaries.....	72,452	11.1	10.5	5.1	7.3	5.9	12.5	6.9	13.0	18.6
Rental.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Depreciation.....	11,634	1.8	.....	0.8	.....	0.9	4.5	.....	1.8	2.4
Supplies.....	14,103	2.2	2.1	4.8	3.0	2.2	2.0	.....	6.5	1.9
Insurance and taxes.....	4,886	0.8	1.6	0.3	0.6	0.5	1.9	.....	.....	0.5
Advertising.....	3,426	0.5	.....	.....	.....	0.2	1.9	.....	.....	0.5
Interest on borrowed money.....	4,624	0.7	0.5	0.2	0.3	.....	2.0	.....	1.2	0.9
Plant maintenance.....	20,693	3.2	4.5	6.1	1.6	3.4	5.0	.....	0.8	2.1
Other expenses.....	21,577	3.3	0.4	0.2	0.9	0.8	2.2	8.2	5.0	6.0
Total expenses.....	153,395	23.6	19.6	17.5	14.0	13.9	32.0	15.1	28.3	32.9
Net operating income.....	-3,524	-0.6	2.6	1.1	1.3	1.0	1.2	1.2	-1.3	-5.5
Other income.....	3,799	0.6	.....	.....	.....	.....	.....	4.8	.....	.....
Net income for distribution.....	275	0.0	2.6	1.1	1.3	1.0	1.2	6.0	-1.3	-5.5
<i>Disposition of Surplus</i>										
Dividends on capital.....	1,787	.....	2.0	0.2	0.7	.....	.....	0.6	.....	.....
Patronage refund.....	2,677	.....	.....	.....	.....	.....	.....	3.4	.....	.....
Carried to reserve.....	4,535	.....	.....	0.9	.....	0.9	1.0	2.0	.....	.....
Total apportioned.....	8,999	1.4	2.0	1.1	0.7	0.9	1.0	6.0	.....	.....
Undivided income.....	-8,724	-1.4	0.6	0.0	0.6	0.1	0.2	0.0	-1.3	-5.5

*Nova Scotia plants are designated by letters J, K, L, M, N—Ontario W, X, Y.

Net Worth and Debt

Net worth, which represents the investment of members in the business, is made up of capital stock, reserves and surplus. With the exception of plants X and Y, all companies show a considerably higher proportion of owned than borrowed capital. The ratio worth to debt expresses the proportion existing between the capital owned by a company and the capital loaned to it by

creditors. For all companies this stands at 1.44 to 1, which means \$1.44 of net worth for each \$1 of indebtedness. Companies J, K, L, and M show a stronger position in this regard. The situation for other companies is less satisfactory. A narrow ratio represents a heavy debt pressure and the company is said to be inclining towards a "top-heavy" condition. The ratio net worth to fixed assets shows that money for constructing the majority of the creamery plants was provided by the shareholders and patrons.

Working capital is the excess of current assets over current liabilities. For all companies this amounts to \$17,933 or 5.62 per cent of all assets. For most companies the percentages are considerably higher than this figure and compare reasonably well with the average of 24.97 per cent for twenty-five companies, Table 21.

TABLE 32.—RATIO TESTS APPLIED TO OPERATIONS OF EIGHT CO-OPERATIVE DAIRY COMPANIES IN NOVA SCOTIA AND ONTARIO FOR YEAR 1931¹

—	All ²	J	K	L	M	N	W	X	Y
Current assets to current liabilities....	1.25 to 1	4.05	1.67	1.59	3.21	1.27	3.57	0.10	0.50
Worth to debt.....	1.44 to 1	20.89	2.23	3.34	8.07	1.64	1.66	.....	0.16
Business to plant value.....	2.84 to 1	1.82	8.18	4.58	4.99	1.33	6.64	1.94	3.36
Net worth to fixed assets.....	0.82 to 1	1.17	1.43	1.22	1.38	0.85	1.26	.....	0.17
Per cent working capital of total assets.	5.62	13.94	20.80	13.65	24.35	5.68	36.30	.....	.....
Per cent net worth of all liabilities.....	59.08	9.54	69.06	76.96	88.97	62.18	62.49	.....	14.02
Per cent expenses of business.....	23.6	19.6	17.5	14.0	13.9	32.0	15.1	28.3	32.9
Business per employee.....	9,290	8,393	7,257	10,530	2,199	8,353	9,814	6,526	7,456
Business per patron.....	\$ 199	121	202	263	203	147	209	147	327

¹Nova Scotia plants are designated by letters J, K, L, M, N—Ontario W, X, Y.

²Considering the ratios in the form of a fraction 1 is to be understood as the denominator in all cases.

The Operating Statement

Total volume of business for the eight companies amounted to \$650,285, of which merchandise sales amounted to less than 1 per cent. Space will not permit a detailed discussion of individual operating statements. The operating percentages are set down in Table 31 for comparison with the average and between companies. The two companies X and Y showed a loss on the season's operations which depressed the average to an unprofitable figure. After paying operating expenses all companies had very little to pay out as dividends or set aside in reserve. The percentage ratio, expenses of business, amounts to 23.6, which is 5 per cent below the average for the twenty-five companies, Table 21, and for most companies in the group the spread is much narrower. Business per employee and business per patron are under the average for all companies reporting.

ANALYSIS OF THE OPERATIONS OF TEN CO-OPERATIVE FRUIT COMPANIES IN BRITISH COLUMBIA

The balance sheets of ten co-operative fruit companies in the Okanagan Valley in British Columbia are reduced to a percentage basis for comparison and shown in Table 33. The first column gives actual totals for all companies and the percentage corresponding to each item gives the average. A study of this table along with the ratio tests in Table 35 will assist in analysing the financial structure and comparative status of the various companies.

A good bank account is a splendid asset for a company as well as for an individual. Companies G and H appear to be comparatively well supplied although on account of the changing nature of this item undue importance must not be attached to it.

Current and Fixed Assets

Accounts and notes receivable require more careful scrutiny. The average figure is moderate but companies A, C, D and J appear to have extended credit rather freely. Further examination would be necessary to know if these

accounts are good and collectable but it is always a wise precaution to make due allowance for bad debts. Some of the companies have done so. The inventory of merchandise consists mainly of box materials and warehouse supplies. There is not much variation in this item.

TABLE 33.—COMPARATIVE BALANCE SHEETS OF TEN CO-OPERATIVE FRUIT COMPANIES IN BRITISH COLUMBIA AS AT MARCH 31, 1932*

	Total all companies		A	B	C	D	E	F	G	H	I	J
	\$	%	%	%	%	%	%	%	%	%	%	%
ASSETS												
<i>Current Assets</i>												
Cash on hand and in bank.....	61,032	4.5	5.9	3.4	0.2	9.2	6.0	1.4	14.3	10.0	0.3	0.0
Accounts and notes receivable.....	211,036	15.6	66.2	2.1	43.9	45.6	23.5	0.2	17.1	29.9	6.5	49.2
Merchandise inventory.....	150,899	11.2	9.4	13.8	10.1	13.3	15.0	4.9	15.8	10.3	11.1	16.5
Other.....	62,753	4.6	0.0	3.4	.....	0.5	21.6	10.2	0.5	0.5	4.6	.....
Total current assets.....	485,720	35.9	81.5	22.7	54.2	68.6	66.1	16.7	47.7	50.7	22.5	65.7
<i>Fixed Assets</i>												
Plant, less depreciation.....	864,140	63.8	18.5	77.2	45.5	31.4	33.9	83.3	52.3	49.3	76.7	30.2
Other.....	4,092	0.3	.....	0.1	0.3	.....	.....	.....	.....	.....	0.8	4.1
Total fixed assets.....	868,232	64.1	18.5	77.3	45.8	31.4	33.9	83.3	52.3	49.3	77.5	34.3
Total assets.....	1,353,952	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LIABILITIES AND NET WORTH												
<i>Current Liabilities</i>												
Accounts payable.....	90,992	6.7	0.6	4.6	1.2	0.2	4.0	11.0	3.8	20.6	1.7	2.0
Accrued expenses.....	43,404	3.2	7.0	4.5	.....	39.9	.....	.....	.....	.....	.....	1.9
Other, including bank loans.....	129,607	9.6	57.3	4.6	43.3	7.0	31.7	.....	.....	.....	8.1	56.5
Total current liabilities.....	264,003	19.5	64.9	13.7	44.5	47.1	35.7	11.0	3.8	20.6	9.8	60.4
<i>Fixed Liabilities</i>												
Mortgages.....	66,289	4.9	.....	11.1	.....	.....	4.7	10.6	1.8	.....	.....	.....
Other.....	1,644	0.1	.....	0.6	.....	.....	.....	.....	.....	.....	.....	.....
Total fixed liabilities.....	68,033	5.0	.....	11.7	.....	.....	4.7	10.6	1.8	.....	.....	.....
<i>Net Worth</i>												
Capital stock.....	661,337	48.8	29.2	54.9	48.6	44.8	49.3	40.5	50.8	74.0	39.9	35.5
Reserve, general.....	77,132	5.7	.....	.....	.....	.....	.....	20.6	19.9	.....	.....	.....
Reserve for contingencies.....	262,113	19.4	1.6	19.7	5.5	7.6	2.6	17.3	20.2	5.4	50.3	3.7
Surplus.....	21,334	1.6	4.3	.....	1.4	0.5	7.7	.....	3.5	.....	.....	0.4
Total net worth.....	1,021,916	75.5	35.1	74.6	55.5	52.9	59.6	78.4	94.4	79.4	90.2	39.6
Total liabilities and net worth.....	1,353,952	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Individual plants are designated by letters A, B, C, etc.

For all companies total current assets amounted to \$485,720 which is 35.9 per cent of all assets. Four companies show over 60 per cent liquid assets. This factor alone, however, is not an indication of strength. It is only when shown in relation to current liabilities that the real test is made. Plant G with 47.7 per cent has a current ratio of 12 to 1 which means that this company has \$12 of readily convertible assets to meet each one dollar of current indebtedness. Plant I with a percentage of current assets of only 22.5 when the test is applied shows up strongly with current assets more than double current liabilities.

The combined value of the real estate, buildings and equipment for all companies is \$864,140 or nearly two thirds the value of all assets. The ratio used to test plant efficiency is the third in Table 35. For all plants this is 2.70 to 1 which means that on the average the companies did \$2.70 of business for each one dollar of plant value. This appears rather low when compared with this ratio as applied to other industries. It suggests a heavy outlay for buildings and equipment in proportion to the business done. Plants A, D and E show up to advantage under this ratio.

Liabilities

Under liabilities, accounts payable, when expressed as a percentage does not appear to be a burdensome item. Plants F and H appear somewhat out of line in this regard. Accrued expenses are rather heavy for plant D. Other expenses which include bank loans appear reasonable with an average of 9.6

per cent. Plants A, C, D and J are considerably higher than the average for this item and this brings them below the generally accepted margin of safety as brought out in the current ratio test in Table 35.

In considering the item current liabilities, the general policy of financing of fruit companies in the Okanagan Valley must be taken into consideration. Operations are highly seasonal. A large amount of cash is required in the space of a few months during the fall and early winter to handle a highly perishable crop. Growers must be advanced partial payment on fruit delivered, extra labour is required, box material, supplies and general plant maintenance demand heavy cash requirements during the peak movement. It is frequently some months after fruit is shipped that final settlement is made. The companies must go to the banks which advance short term and intermediate credit. This practice seems necessary and commercially sound provided borrowings are maintained within the reasonable needs of the company and sufficient margin is provided for repayment. Some companies have found themselves in the unfortunate position that they are unable to repay the full amount of the loan. It then becomes necessary to carry over a portion of the loan and the interest attached into the following year.

Fixed liabilities which include mortgages and long term loans total \$68,033 or 5 per cent of all liabilities and net worth. The majority of the companies are free from encumbrances of this kind.



Fruit packing house of the Summerland Co-operative Growers' Association, Summerland, B.C.

Net Worth and Debt

The net worth is made up of capital stock, reserves and surplus. Paid up capital for all companies totals \$661,337. A reasonable relation exists between this figure and fixed assets which shows that the growers own their business. For all companies contingencies are fairly well provided for with a reserve of \$262,113 or 19.4 per cent of all liabilities. The weaker position of some companies in respect to this item is brought out in the analysis table.

Total net worth represents the growers financial interest in the industry. This amounts to \$1,021,916 or 75.5 per cent of all liabilities and net worth. This is a favourable position as it shows that of total outstanding obligations only 25 per cent is owed to outside interests. The ratio worth to debt brings out the relation more clearly. For all companies the ratio is 3.08 to 1 which means that all companies have \$3.08 of owned capital covering each dollar

loaned to it by creditors. Companies A and J are in a less fortunate position with about 50 cents of worth covering \$1 of debt. The same ratio places companies F, G, H and I in an especially strong position in this regard.

The Operating Statement

Total business for the ten companies, Table 34, which includes proceeds from sale of fruit, sales of merchandise and other receipts amounted to \$2,336,231. Over 84 per cent or \$1,976,725 came from sale of fruit. This represents the sales value of fruit f.o.b. the packing house, or the net return after freight, central charges and commissions had been deducted. Out of this, \$1,364,494 were returned to the producers. This is equivalent to a return to the fruit grower of 69 cents out of each dollar of fruit sales. In addition there were about 2 cents refunded as capital and patronage dividends.

Sales of merchandise amounted to 12.9 per cent of total business. The supply business was operated at an average gross profit of 18 per cent.

The total gross operating margin for all companies was \$716,794 or 30.7 per cent of the total business. Of this sum expenses amounted to \$661,061 or 92.2 per cent of the gross margin. The remainder along with other income derived from investments was returned to shareholders in the form of dividends or carried to reserve.

The companies show considerable variation in the amount of the gross margin. Four deducted a margin of over 40 per cent for operating costs although three of these companies refunded over 5 per cent of this margin to their members in dividends.

TABLE 34.—COMPARATIVE OPERATING STATEMENTS OF TEN CO-OPERATIVE FRUIT COMPANIES IN BRITISH COLUMBIA FOR THE YEAR ENDING MARCH 31, 1932*

	Total all companies			A		B		C		D	
	\$	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin
Total business.....	2,336,231	100.0	.....	100.0	.....	100.0	.....	100.0	.....	100.0	.....
Sales of farm products.....	1,976,725	84.6	.....	95.4	.....	79.2	.....	100.0	.....	99.3	.....
Paid to producers.....	1,364,494	58.4	.....	55.3	.....	49.1	.....	50.9	.....	67.1	.....
Gross margin.....	612,231	26.2	.....	40.1	.....	30.1	.....	49.1	.....	32.2	.....
Sales of merchandise.....	302,352	12.9	.....	4.5	.....	15.3	.....	.....	.....	.....	.....
Cost of merchandise.....	254,943	10.9	.....	4.0	.....	12.4	.....	.....	.....	.....	.....
Gross margin.....	47,409	2.0	.....	0.5	.....	2.9	.....	.....	.....	.....	.....
Other receipts.....	57,154	2.5	.....	0.1	.....	5.5	.....	.....	.....	0.7	.....
Total gross margin.....	716,794	30.7	100.0	40.7	100.0	38.5	100.0	49.1	100.0	32.9	100.0
<i>Expenses</i>											
Wages and salaries.....	248,423	10.6	34.6	12.1	29.7	13.6	35.3	16.9	34.4	10.6	32.3
Rental.....	5,535	0.2	0.8	.....	.....	0.3	0.8	0.3	0.7	0.0	0.2
Depreciation.....	43,291	1.9	6.0	2.2	5.5	2.2	5.8	3.6	7.3	2.2	6.6
Supplies.....	282,939	12.1	39.5	16.6	40.8	13.7	35.6	15.7	31.9	15.6	47.3
Insurance.....	8,919	0.4	1.2	0.4	1.0	0.5	1.2	1.1	2.3	0.5	1.6
Taxes.....	6,215	0.3	0.9	0.1	0.2	0.5	1.3	0.2	0.4	0.3	1.0
Advertising.....	414	0.0	0.1	.....	.....	0.0	0.1	.....	.....	.....	.....
Interest on borrowed money.....	3,456	0.1	0.5	0.7	1.8	.....	.....	0.5	1.1	.....	.....
Plant maintenance.....	25,104	1.1	3.5	2.1	5.1	1.9	4.9	7.2	14.7	1.3	3.9
Other expenses.....	36,765	1.6	5.1	0.5	1.2	0.7	1.8	1.4	2.8	0.9	2.6
Total expenses.....	661,061	28.3	92.2	34.7	85.3	33.4	86.8	46.9	95.6	31.4	95.5
Net operating income.....	55,733	2.4	7.8	6.0	14.7	5.1	13.2	2.2	4.4	1.5	4.5
Other income.....	10,047	0.4	1.4	.....	.....	.....	.....	3.4	7.0	1.3	3.8
Net income for distribution.....	65,780	2.8	9.2	6.0	14.7	5.1	13.2	5.6	11.4	2.8	8.3
<i>Disposition of surplus</i>											
Dividends on capital.....	16,129	0.7	2.2	1.5	3.7	.....	.....	3.9	8.0	2.0	6.1
Patronage refund.....	29,749	1.3	4.2	.....	.....	4.9	12.6	.....	.....	.....	.....
Carried to reserve.....	2,660	0.1	0.4	0.6	1.5	0.2	0.6	.....	.....	0.4	1.2
Total apportioned.....	48,538	2.1	6.8	2.1	5.2	5.1	13.2	3.9	8.0	2.4	7.3
Undivided income.....	17,242	0.7	2.4	3.9	9.5	0.0	0.0	1.7	3.4	0.4	1.0

*Individual plants are designated by letters A, B, C, etc.

TABLE 34.—COMPARATIVE OPERATING STATEMENTS OF TEN CO-OPERATIVE FRUIT COMPANIES IN BRITISH COLUMBIA FOR THE YEAR ENDING MARCH 31, 1932*—*Concluded*

	E		F		G		H		I		J	
	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin	Per cent of total business	Per cent of gross margin
Total business.....	100.0	.....	100.0	.....	100.0	.....	100.0	.....	100.0	.....	100.0	.....
Sales of farm products.....	80.1	.....	94.5	.....	68.7	.....	98.3	.....	78.6	.....	95.6	.....
Paid to producers.....	49.0	.....	68.7	.....	60.2	.....	52.8	.....	61.4	.....	52.5	.....
Gross margin.....	31.1	.....	25.8	.....	8.5	.....	45.5	.....	17.2	.....	43.1	.....
Sales of merchandise.....	17.3	.....	3.2	.....	30.7	.....	.....	.....	19.9	.....	2.5	.....
Cost of merchandise.....	15.8	.....	1.4	.....	27.4	.....	.....	.....	17.3	.....	2.5	.....
Gross margin.....	1.5	.....	1.8	.....	3.3	.....	.....	.....	2.6	.....	0.0	.....
Other receipts.....	2.6	.....	2.3	.....	0.6	.....	1.7	.....	1.5	.....	1.9	.....
Total gross margin.....	35.2	100.0	29.9	100.0	12.4	100.0	47.2	100.0	21.3	100.0	45.0	100.0
<i>Expenses</i>												
Wages and salaries.....	12.4	35.1	9.7	32.4	6.0	48.4	14.1	29.9	8.3	39.1	13.5	30.0
Rental.....	.....	.....	0.4	1.3	0.1	1.1	0.0	0.1	0.3	1.3	0.0	0.1
Depreciation.....	1.8	5.1	2.0	6.7	1.8	14.7	1.9	4.1	1.2	5.7	2.8	6.2
Supplies.....	14.0	39.9	15.6	52.2	0.4	3.3	15.2	32.1	9.0	42.1	19.7	43.8
Insurance.....	0.4	1.2	0.2	0.5	0.5	4.1	0.8	1.7	0.2	1.0	0.7	1.5
Taxes.....	0.1	0.3	0.1	0.4	0.3	2.6	0.1	0.3	0.2	1.1	0.5	1.0
Advertising.....	.....	.....	.....	.....	0.1	0.5	0.0	0.0	.....	.....	.....	.....
Interest on borrowed money.....	0.2	0.4	.....	.....	0.6	4.6	0.2	0.3	0.1	0.6	0.9	2.1
Plant maintenance.....	1.0	3.0	0.3	1.0	1.0	7.9	0.8	1.8	0.7	3.2	1.6	3.5
Other expenses.....	1.5	4.2	1.5	5.3	1.4	11.0	6.2	13.0	0.9	4.1	4.5	10.0
Total expenses.....	31.4	89.2	29.8	99.8	12.2	98.2	39.3	83.3	20.9	98.2	44.2	98.2
Net operating income.....	3.8	10.8	0.1	0.2	0.2	1.8	7.9	16.7	0.4	1.8	0.8	1.8
Other income.....	6.1	17.2	.....	.....	.....	.....	.....	.....	.....	.....	2.0	4.4
Net income for distribution...	9.9	28.0	0.1	0.2	0.2	1.8	7.9	16.7	0.4	1.8	2.8	6.2
<i>Disposition of surplus</i>												
Dividends on capital.....	1.3	3.7	.....	.....	.....	.....	3.6	7.7	0.4	1.8	1.9	4.1
Patronage refund.....	4.4	12.5	.....	.....	.....	.....	.....	.....	.....	.....	0.1	0.3
Carried to reserve.....	0.2	0.6	0.1	0.2	.....	.....	.....	.....	.....	.....	0.4	0.9
Total apportioned.....	5.9	16.8	0.1	0.2	.....	.....	3.6	7.7	0.4	1.8	2.4	5.3
Undivided income.....	4.0	11.2	0.0	0.0	0.2	1.8	4.3	9.0	0.0	0.0	0.4	0.9

*Individual plants are designated by letters A, B, C, etc.

Company G shows an operating margin of 12.4 per cent. This is hardly comparable as box and warehouse materials are included in the trading account. If the items, however, were rearranged and placed on a strictly comparable basis this company would still show a narrow operating margin. Other companies which operated within a 30 per cent margin are plants F and I. The three plants F, G and I had less than one per cent of surplus for distribution and added little or nothing to reserves. In general this would be considered a short-sighted policy. An examination of the balance sheets of these companies, however, shows that they are well safeguarded with reserves and in a position to turn back to their patrons practically the whole of the selling price, less handling costs.

TABLE 35.—RATIO TESTS APPLIED TO OPERATIONS OF TEN CO-OPERATIVE FRUIT COMPANIES IN BRITISH COLUMBIA FOR THE YEAR ENDING MARCH 31, 1932¹

	All ²	A	B	C	D	E	F	G	H	I	J
Current assets to current liabilities.....	1.84 to 1	1.26	1.66	1.22	1.46	1.85	1.52	12.69	2.46	2.29	1.09
Worth to debt.....	3.08 to 1	0.54	2.94	1.25	1.12	1.48	3.64	16.89	3.85	9.19	0.65
Business to plant value.....	2.70 to 1	5.96	2.17	1.90	4.52	5.79	2.04	3.30	2.41	3.37	3.50
Net worth to fixed assets.....	1.18 to 1	1.89	0.97	1.21	1.68	1.76	0.94	1.80	1.61	1.16	1.15
Per cent working capital of total assets.....	16.38	16.59	9.03	9.74	21.50	30.44	27.62	51.47	30.05	12.68	5.26
Per cent net worth of all liabilities.....	75.48	35.11	74.63	55.52	52.93	59.65	78.43	94.41	79.38	90.19	39.56
Per cent expenses of business.....	28.3	34.72	33.42	46.94	31.45	31.38	29.65	12.16	39.3	20.9	44.2
Business per patron.....	\$.....	1,716	2,065	1,033	1,371	975	2,026	.....	1,142	.....	1,058

¹Individual plants are designated by letters A, B, C, etc.²Considering the ratios in the form of a fraction, 1 is to be understood as the denominator in all cases.

Space will not permit a detailed discussion of the expense accounts of the various companies. Individual companies may make their own comparisons. Salaries, labour and supplies use up about 75 per cent of expenses, insurance and taxes 2 per cent and advertising, on the average, one-tenth of 1 per cent. Interest on borrowed money is a small item of expense for all companies.

The working capital situation, Table 35, appears reasonably strong for most companies. Incomplete reports did not permit a full report on business per patron which is given as the last item in the ratio table.

ANALYSIS OF THE OPERATIONS OF TEN CO-OPERATIVE FRUIT COMPANIES IN NOVA SCOTIA

The combined and comparative balance sheets of ten Nova Scotia fruit companies are shown in Tables 36 and 37 for the year ending May 31, 1931. Returns for that period are used in this analysis as they were more complete than for the year 1932.

The season 1930-31 and the two or three years preceding brought unusual difficulties for the fruit grower in a disorganized export market and low prices. In order to tide the grower over what was looked upon as a temporarily bad situation and to hold his patronage companies sold their feed and supplies on credit. This in turn led to borrowings on the part of the companies, which resulted in heavy indebtedness and high interest charges. To meet competition or satisfy patrons, operating margins were narrowed to a point where some companies were not covering overhead. This situation is reflected in the financial statements of the companies in Tables 36 and 37.

Assets

Accounts and notes receivable under current assets amount to \$141,191.36, Table 36. For most companies this figure indicates a liberal credit policy which once instituted is difficult to overcome. It results in a double load for the companies to carry, for on the other side of the balance sheet under current liabilities we find an equivalent sum for accounts payable. Merchandise inventory is a sizeable item due to the fact that nearly half of the business of these fruit companies is derived from the sale of merchandise and supplies. With the fiscal year closing in the spring of the year, stocks of fertilizer and other supplies are probably higher than in some other seasons when the balance sheet items would show quite a different relation to one another.

The combined value of plant and equipment including real estate totals \$161,010.22 or 41.7 per cent of total assets. The ratio of business to plant value, Table 37, for all companies is 3.14 to 1, which means that on the average the companies did \$3.14 of business for each \$1 plant value. Some companies show a higher ratio, which usually means a more intensive use of plant and equipment, and this in turn is associated with a proportionally lower overhead.

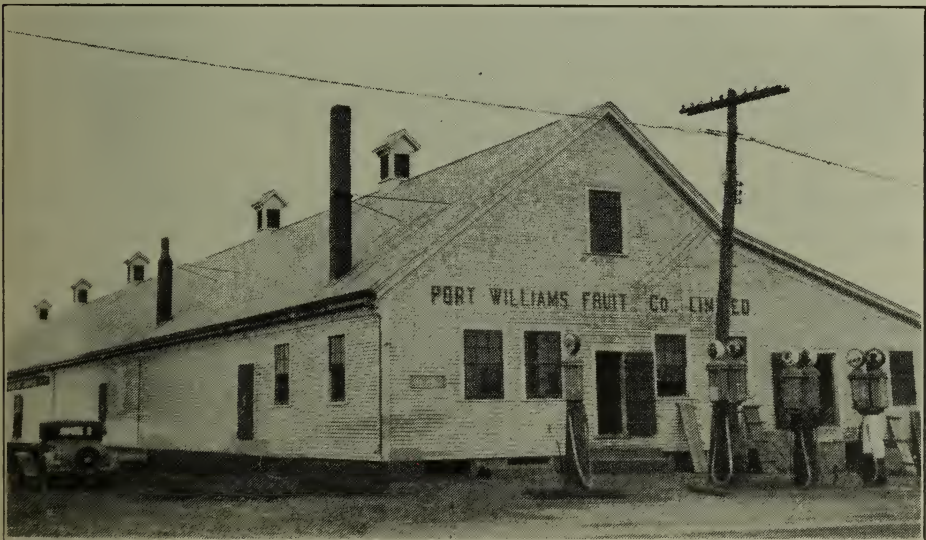
Debt and Net Worth

Accounts payable is a large item amounting to \$143,386.90 or 37.2 per cent of all liabilities and net worth. Bank loans appear unduly large also, amounting to \$63,038.88, which is 16.3 per cent of all liabilities and net worth. Along with other current liabilities the total assumes larger proportions than generally considered desirable. The ratio current assets to current liabilities brings out the situation more clearly but less encouragingly. Table 37 shows the ratio for all companies stands at 0.91 to 1, which means that all companies combined have 91 cents of readily convertible assets for each \$1 of current indebtedness. Company K shows a comparatively strong position in this regard, but other companies are considerably below what is considered the standard for many types of business.

TABLE 36.—COMPARATIVE BALANCE SHEETS OF TEN CO-OPERATIVE FRUIT COMPANIES IN NOVA SCOTIA AS AT MAY 31, 1931*

—	Total all companies		K	L	M	N	O	P	Q	R	S	T
	\$	%	%	%	%	%	%	%	%	%	%	%
ASSETS												
<i>Current Assets</i>												
Cash on hand and in bank.....	5,077 55	1.3	4.3	0.4	2.4	.....	.....	3.0	4.4	0.5	0.9	0.9
Accounts and notes receivable.....	141,191 36	36.6	31.4	36.5	47.2	20.4	22.5	15.5	44.4	32.2	70.1	31.5
Merchandise inventory.....	66,491 73	17.3	17.8	1.9	9.6	30.1	24.0	30.3	19.7	35.3	5.9	11.8
Other.....	2,643 18	0.7	0.9	1.4	1.3	.....	.....	1.1	0.3	0.9	.....	0.3
Total current assets.....	215,403 82	55.6	54.4	40.2	60.5	50.5	46.5	49.9	68.8	68.9	76.9	44.5
<i>Fixed Assets</i>												
Plant, less depreciation.....	161,010 22	41.7	43.4	58.5	30.1	46.4	47.0	46.8	28.8	30.1	21.8	52.6
Other.....	9,200 00	2.4	2.2	1.3	9.4	3.1	6.5	3.3	2.4	1.0	1.3	2.9
Total fixed assets.....	170,210 22	44.1	45.6	59.8	39.5	49.5	53.5	50.1	31.2	31.1	23.1	55.5
Total Assets.....	385,614 04	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LIABILITIES AND NET WORTH												
Accounts payable.....	143,386 90	37.2	23.8	49.2	38.3	40.8	36.0	20.3	30.5	28.7	102.5	18.2
Bank loans.....	63,038 88	16.3	.....	3.9	8.8	46.8	37.3	23.7	17.8	24.2	.....	20.9
Accrued expenses.....	2,911 97	0.8	1.0	0.6	0.4	1.5	1.8	0.3	1.0	0.6	0.1	1.0
Other.....	28,055 00	7.3	.....	1.0	12.8	.....	.....	.....	.....	9.8	.....	19.0
Total current liabilities.....	237,392 75	61.6	24.8	54.7	60.3	89.1	75.1	44.3	49.3	63.3	102.6	59.1
Mortgages.....	33,500 00	8.7	26.9	17.7	.....	.....	.....	10.2	14.9	7.4	.....	3.9
Other.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total fixed liabilities.....	33,500 00	8.7	26.9	17.7	.....	.....	.....	10.2	14.9	7.4	.....	3.9
NET WORTH												
Capital Stock.....	90,293 10	23.4	28.9	24.4	33.7	15.9	18.4	14.6	20.2	22.6	8.6	30.4
Reserve for contingencies.....	4,791 32	1.2	.....	.....	3.2	.....	.....	16.8	3.1	.....	2.0	.....
Other.....	21,025 55	5.5	5.4	13.0	2.7	.....	0.6	7.5	2.2	1.8	4.4	6.7
Surplus.....	-1,388 68	-0.4	14.0	-9.8	0.1	-5.0	5.9	6.6	10.3	4.9	-17.6	-0.1
Total net worth.....	114,721 29	29.7	48.3	27.6	39.7	10.9	24.9	45.5	35.8	29.3	-2.6	37.0
Total liabilities and net worth.....	385,614 04	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Individual plants are designated by letters K, L, M, etc.



Port Williams Fruit Company Limited, Warehouse, Greenwich, N.S.

Along with mortgages of \$33,500 for all companies total debt to outside interests amounts to \$270,892.75, which is greatly in excess of owned capital represented in the net worth. The ratio worth to debt brings out the real posi-

tion, which for all companies is 0.42 to 1, or in other words, for every 42 cents contributed and held in the name of the members, outside creditors have \$1 invested and expect to be paid back in full, with interest. No company among the ten shows an excess of worth and for some the position is far from satisfactory.

Working capital is the difference between current assets and current liabilities. For the companies combined this is a minus quantity and is suggestive of financial difficulties. Five companies show a small working capital of less than 1 per cent of total assets.

A number of companies are without reserves and on the year's operations failed to provide a surplus. For the companies as a whole there is a debit balance of \$1,388.68, although six out of the ten show a surplus.

Business Policy

Total business of the ten companies under discussion amounted to \$506,358.08. Farm products which consisted mainly of apples returned \$261,412.61. This made up 51.6 per cent of the business. Merchandise and supplies with sales value of \$242,009.52 accounted for 47.8 per cent of the total business. The cost of merchandise was \$226,571.68 which gave a spread of 6.8 per cent to cover handling costs. Other receipts accounted for \$2,935.95.

The information in reports received from the companies does not provide a full account of certain warehousing charges. The practice has been followed in the presentation of the operating statements not to show the revenue from packing charges or the amount paid in wages and other incidental expenses in connection with the warehousing of the apples. Only the net amount in the packing account is entered in the financial statement. For that reason it is difficult to present a true picture of the costs of operation or present the situation in tabular form. An analysis does show, however, that these companies were operated on very narrow margins with nothing being placed in reserves. Practically the full amount of the returns from apple sales, less actual handling costs was returned to the producers. A company following such a policy has no chance to establish a sound business structure and only a business without creditors and with ample reserves can afford to follow such a course and survive. Members of a co-operative fruit company must realize that the warehouse is as much a part of their property and business as the orchard and requires just as fair treatment and business-like handling.

TABLE 37.—RATIO TESTS APPLIED TO OPERATIONS OF TEN CO-OPERATIVE FRUIT COMPANIES IN NOVA SCOTIA FOR THE SEASON 1930-31¹

—	All ²	K	L	M	N	O	P	Q	R	S	T
Current assets to current liabilities.....	0.91 to 1	2.23	0.74	1.00	0.57	0.62	1.13	1.39	1.09	0.75	0.75
Worth to debt.....	0.42 to 1	0.93	0.38	0.66	0.12	0.32	0.84	0.56	0.41	.....	0.59
Business to plant value.....	3.14 to 1	3.91	0.79	5.32	2.84	2.35	3.77	8.65	2.99	5.67	3.21
Net worth to fixed assets.....	0.67 to 1	1.06	0.46	1.00	0.22	0.46	0.91	1.15	0.94	.....	0.67
Per cent working capital of total assets.....	.....	0.19	.....	0.01	.....	.....	0.06	0.19	0.06	.....	.....
Per cent net worth of all liabilities.....	29.75	48.30	27.56	39.65	10.91	24.88	45.50	35.81	29.30	.....	37.00
Business per employee..... \$	.....	4,198	1,988	1,372	5,021	.....	.....	5,991	8,118	5,533	6,124
Business per patron..... \$	1,217	1,181	585	686	628	342	812	2,330	1,827	885	2,156

¹Individual plants are designated by letters K, L, M, etc.

²Considering the ratios in the form of a fraction, 1 is to be understood as the denominator in all cases.

Constructive Financial Policy Necessary

This study indicates the need for a definite and constructive financial policy. If there is duplication of services and under capacity volume of business, which this analysis and other surveys of the Nova Scotia fruit packing industry seem to indicate, then some of the warehouses may not be essential

to the welfare of the industry. A recent investigation into the economic aspects of the apple industry in Nova Scotia points out that there are twenty-five warehouses on one branch line of 15·6 miles or an average of 1·8 warehouses per mile.* The majority of the plants were built in the time of horse-drawn vehicles when close proximity of the orchard and packing house was more necessary than to-day. Improved roads and the motor truck have changed the situation. Regional reorganization with consolidation of a number of the low-capacity houses would increase the volume per plant and should thereby reduce cost per unit.

*Longley, Willard V. Some Economic Aspects of the Apple Industry in Nova Scotia. Bulletin No. 113, Nova Scotia Department of Agriculture, Halifax, N.S.

APPENDIX

Specimen Copy of the Annual Return

N.B.—Return one completed copy, keep duplicate for future reference.

Economic Survey of Farmers' Business Organizations in Canada for year ended December 31, 1933, or for business year most nearly conforming to calendar year

ANNUAL RETURN

For year ending.....19....

Form C 1

To: Agricultural Economics Branch, Department of Agriculture, Ottawa, Canada.

1. Mail AddressProvince.....
2. Exact name of enterprise.....
3. Secretary Address.....
4. Manager Address.....
5. Has this Association any local branches?.....Please attach list of locals
6. If a branch, give name of central agency.....
7. Is Association incorporated?.....Under what Act?
8. Year organized.....Re-organization, if any (year).....
9. Do you pool returns from farm products?.....
10. Has Association contracts with members?.....Term of contract.....
11. Do you pay patronage dividends (a) when earnings permit?....(b) to non-members?....
12. Is rate of dividend on stock limited.....If so, what per cent?.....
13. Number of shareholders.....or members...How many are farmers.....
14. Total number of patrons during past year.....
15. Number of employees, permanent.....Part-time.....
16. Cost of membership fee?.....Amount raised during year \$.....
17. If financed by deductions or participation certificates:
Rate of deduction.....Amount raised during year \$.....
18. If operated on commission basis or service charge, give various rates.....
.....Total collected in year \$.....

<i>Farm Products Marketed</i>	<i>Volume in pounds, bushels, etc.</i>	<i>Value of Sales</i>
19. Dairy products	\$.....
20. Fruit and vegetables	\$.....
21. Livestock	\$.....
22. Poultry products	\$.....
23. Seed and grain	\$.....
24. Wool	\$.....
25. Miscellaneous	\$.....
Total sales value		\$.....

26. *Commodities Purchased for Sale.* General merchandise (groceries, etc.) oil, building material, implements, gasoline, fertilizers, etc.

Total sales value \$.....

[OVER]

Reported byPosition.....Date.....

N.B.—If your printed Balance Sheet and Operating Statement correspond to the following, it is not necessary to complete the questions below.

BALANCE SHEET

OPERATING STATEMENT

as at.....19... for year ending.....19...

ASSETS

Current Assets

1. Cash on hand and in bank
2. Accounts and notes receivable
3. Merchandise inventory
4. Other
5. Total current assets
- (sum 1, 2, 3 and 4)

Fixed Assets

6. Plant, less depreciation
7. Other
8. Total fixed assets
- (sum 6 and 7)
9. Total assets

LIABILITIES AND NET WORTH

10. Accounts payable
11. Bank loans
12. Accrued expenses
13. Other
14. Total current liabilities
- (sum 10, 11, 12 and 13)
15. Mortgages
16. Other
17. Total fixed liabilities
- (sum 15 and 16)

Net Worth

18. Capital Stock
19.
20. Reserve for contingencies
21.
22. Surplus
23. Total net worth
- (sum 18, 19, 20, 21 and 22)
24. Total liabilities and net worth).....
- (sum 14, 17 and 23)

1. Total business (sum 2, 5 and 8).....
2. Sales of farm products
3. Paid to producers
4. Gross margin (diff. 2 and 3)
5. Sales of merchandise
6. Cost of merchandise (with
- inventory adjustment)
7. Gross margin (diff. 5 and 6)
8. Other receipts
9. Total gross margin
- (sum 4, 7 and 8)

Expenses

10. Wages and salaries
11. Rental
12. Depreciation
13. Supplies for plant
14. Insurance
15. Taxes
16. Advertising
17. Interest on borrowed money
18. Plant maintenance
19. Other expenses
20. Total expenses
21. Net operating income
- (diff. 9 and 20)
22. Other income
23. Net income for distribution
- (sum 21 and 22)
24. Dividends on capital
25. Patronage refund
26. Carried to reserve
27. Total (sum 24, 25 and 26)
28. Undivided income

OTTAWA
J. O. PATENAUDE
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1934