

only say that the distance of the Canadian wheat centres from tide water is a handicap offsetting their undoubted advantages in fertility of soil and excellence of climate. Increasing attention will need to be paid to the problems of rail and water transportation."

The Canadian Credit Men's Journal recently published an estimate showing the cost at Fort William of various yields as follows: 25 bushels to the acre, 57 18/25 cents; 20 bushels, 65 13/20 cents; 15 bushels, 78 13/15 cents; 10 bushels, \$1.05 3/10; 17 1/2 bushels, 71 1/10 cents. Mr. Norman Lambert, western correspondent of the Toronto Globe, states it is fair to say that the average cost of producing a bushel of wheat in the west

in 1917 would range between 75 cents and \$1.25, according to yield. "Any farmer working for himself would be able to keep well within these amounts," he adds. The Grain Growers' Guide, of Winnipeg, disputes these figures, especially the estimate of 75 cents. "If he has discovered a method of producing wheat at any such figure," says that journal, "his services should be commandeered by the national service board and made available to the western farmers. They can be relied upon to give a respectful hearing to anyone who can tell them how to cut production costs to 75 cents a bushel." The question, therefore, remains, "How much does it cost to produce a bushel of wheat in western Canada?"

## COLD STORAGE INVESTIGATION

### Commission's Accountant and Company's Manager Differ as to Surplus

At the resumed inquiry of the Dominion government commission into the affairs of the William Davies Company and the Matthews Blackwell Company, Toronto, with the object of ascertaining whether excessive profits have been made by the companies, the chief witness was Mr. E. C. Fox, general manager of the William Davies Company. He stated that the widest publicity was courted, as all the transactions of the firm would bear investigation. He stated that Canadian hogs were superior to the United States product, and that they cost more to raise. It was impossible to compare bacon prices in Canada with those obtaining in England. Joints were cut differently in England and in the States to what they were in Canada, and that would make a difference in values. Mr. Fox stated that the overhead charges in England were considerably lower than in Canada, which would account for the difference in prices, but apart from that the English market was much larger owing to the density of population.

#### Assets, Liabilities and Surplus.

The assets, liabilities and surpluses of the William Davies Company from 1913 to date as shown in a statement of Mr. W. D. Taylor, of the accounting firm of Clarkson, Gordon and Dilworth, were as follow:—

	Assets.	Liabilities.	Surplus.
1913 .....	\$ 4,690,478	\$2,182,359	\$2,012,882
1914 .....	5,754,812	3,010,007	2,060,426
1915 .....	6,466,533	2,933,151	2,601,434
1916 .....	9,582,173	4,820,717	3,921,665
1917 .....	13,384,948	7,330,357	5,008,101

Mr. Fox objected to these figures, because the surplus column included capital, rest fund, dividends, insurance, profit and loss. He said the real surpluses for the years mentioned were:—

1913 .....	\$ 340,905
1914 .....	373,350
1915 .....	906,428
1916 .....	1,757,180
1917 .....	1,723,600

#### Company's Controlling Interests.

Mr. Taylor, when on the stand, said the Davies Company owned 40 per cent. of the shares of the Harris Abattoir Company and 60 per cent. of the shares of the Sheathe-Thompson Company, the British agents of the firm in London. In 1914 the Davies Company owned 3,522 shares of the value of \$472,250 in the Harris Abattoir. The present holding was 2,521 shares, or 40 per cent. of the total.

In 1913 the company held 12,000 shares valued at \$58,400 in the Sheathe-Thompson Company, which were increased to 15,000 shares valued at \$73,000 in 1914, which represented a stock dividend of 25 per cent. In 1916 the company held 30,000 shares valued at \$146,000 in the London concern, and still continued to do so, and according to the books the value was unchanged.

Mr. Taylor said the dividends paid were as follows: 1913, \$112,500, or 7 1/2 per cent.; 1914, \$45,000, or 3 per cent.; 1915,

\$225,000, or 15 per cent.; 1916, \$300,000, or 33 1/3 per cent.; 1917, \$250,000, or 12 1/2 per cent.

The Davies Company owned shares to the value of \$33,014 in the Artificial Casing Company last year, but which had now been written down to \$1. The gross profits of the Davies Company for 1916 were \$1,639,482, but the company did not admit it as \$100,000 had been paid in bonuses to employees. The profits for 1917 were \$1,827,494.71, from which had been deducted \$447,591, including depreciation, bonus to employees, \$125,000 and \$50,000 to pension fund, and \$500,000 was transferred to the reserve account. Only \$60,000 was transferred to the latter account in 1916.

The list of the company's shareholders, with the number of shares they own, is shown in a statement filed with the commission, dated May 12, 1917, as follows: Edward Adie, 505; John T. Agar, 100; H. W. Bernson, 350; J. W. Cringar, 80; Miss Mary E. Davies, 221; R. H. Davies, 920; Wm. Davies, sen., 408; estate of Wm. Davies, jun., 451; Wm. H. Davies, 147; J. E. Flavelle, 100; J. W. Flavelle, 10,067; J. W. Flavelle and E. Adie, in trust, 268; E. C. Fox, 1,809; E. C. Fox and W. S. Fox, in trust, 210; W. S. Fox, 96; Mrs. E. Fox, 654; Harris Abattoir Company, Limited, 500; Wm. Harris' estate, 500; F. O. Mitchell, 402; H. Moyle, 172; R. D. Moyle, 229; W. D. Moyle, 1; National Trust Company, Limited, 171; J. A. Nelson, 152; A. F. Park, 372; R. B. Park, 60; J. S. Porter, 372; C. G. Vanstone, 133; C. H. Vinnels, 200; R. V. Watt, 200; F. F. White, 150; total, 20,000.

#### Depreciation Account.

Mr. Fox emphatically denied that large amounts had been written off on depreciation account in order to evade payment of war taxes. The principal directors of the Davies Company were also the principal directors of the Harris Abattoir Company and the Sheathe-Thompson Company, he said. Large amounts of stock were held by them in those concerns. Mr. Fox declared there was no interlocking or collusion and no concerted effort to fix prices. Each of the concerns were operated as an independent unit. Although a director of the Harris Abattoir Company, he had no knowledge of its business, and only attended a directors' meeting once a year. Mr. Fox was followed by Mr. J. W. Cringar, auditor of the company, and his evidence was largely of a technical character regarding the methods of bookkeeping and accounting.

Mr. Fox said that his firm were guaranteed against loss on all products shipped to England for the British government; that as the shipments increased in volume the prices of live hogs increased in Canada, and that when the War Office cancelled the contract of the firm for the supply of bacon, prices immediately dropped and had not advanced since. The accumulation of large stocks to enable the company to fill war orders enabled it to make larger profits. Mr. Fox said he knew prices would advance, but he took no undue advantage of that knowledge. The stocks of bacon were increased to meet the growing demands, and not to secure larger profits.

The insurance carried by the company was discussed. Mr. Fox said a blanket insurance policy for \$1,055,000 was carried, of which \$595,000 was on buildings and the balance on machinery and contents. Mr. Frank Molson produced the policy, and pointed out that one of the clauses provided that the company must keep the buildings insured to at least 90 per cent. of their present value.

A further adjournment was made on Wednesday until October 4th.