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The officers appointed at a Directors' Meeting on Friday are as follows:

President, R. H. Halbert, Melancthon; Vice-President, E. C. Drury, Barrie; Secretary, J. J. Morrison, 130 King St., East, Toronto. Other members of the Executive: W. A. Amos, Palmerston; H. V. Hoover, Harold.

The United Farmer's Co-Operative Co.

All three sessions on Tuesday, the first day of the convention, were devoted to the affairs of the trading company, the United Farmers' Co-operative Company, R. W. E. Burnaby, the President, presiding. These sessions were held in the Labor Temple, where the accommodation was severely taxed for the later sessions. The chief business was the receiving of the Directors' report for the year ending October 31, 1918, the text of which is herewith given practically in full except for parts of the financial statement. It will be seen that a very marked increase in volume of business has taken place during the year, although the net profits only show up as \$4,102.83. However, as the President was able to establish, certain amounts necessarily deducted from the otherwise greater profit, on account of various items written off, reduced the real profit by approximately \$1,000. It will be noticed too that \$92,950 worth of stock has been sold, mostly in Western Ontario, but only \$42,931 of which is paid up. These and other matters of interest are all discussed in the report which follows, including the first annual report on the grocery business and the office which is to be established at the Union Stock Yards, Toronto, shortly after the new year. The company has secured the services of the General Superintendent of the Live Stock Department of the United Grain Growers Co., Winnipeg, to initiate this new branch of the work and it is expected to purchase a seat in the Live Stock Exchange immediately. Quite a number of delegates felt very strongly on this matter and urged that matters be pushed rapidly.

"From a business point of view, the year in many respects has been a difficult one. We have experienced great difficulty in securing many of our chief commodities. Owing to conditions over which we had no control, we have in many cases been to the trouble and expense of making sales and then have been unable to make delivery. For example, we bought one hundred cars of coal, fifty of soft and fifty of hard. Before we offered this coal to our clubs, we had every assurance from our suppliers that deliveries could and would be made promptly. Most of the soft coal was delivered, but just at the time the hard coal was to be shipped, the United States Government stepped in, and took possession of the whole output of the mine for war purposes. With Binder Twine, another of our important commodities, we were only able to secure about half of the amount we could have handled and I can assure you what we did handle was secured in a very extraordinary way. The sugar situation too, was a great disappointment. After entailing all the expense of selling over a million pounds, our order for which was accepted by the wholesalers, the Food Controller passed his order regarding sugar and the whole deal fell through. Millfeeds in former years have been handled in very large quantities, but on account of the acute situation with which you are familiar, also due indirectly to the war conditions, our business in this line has been greatly curtailed. Stationery and office supplies have materially increased in cost, and the salaries of the staff, of which there are now about thirty, have had to be increased. These are only a few of the difficulties and problems with which we have had to grapple, and as directors, we feel that great credit is due our managers and staff that we are able to make such a satisfactory report to-day.

"During the year, a moderate stock selling campaign has been in progress with the result that the subscribed capital of the Company has been increased from \$9,725.00 to nearly \$100,000 and there is still a large amount outstanding which has not yet reached the head office.

"This increase in capital has made it possible for us to purchase the old established wholesale and retail grocery and produce business of T. J. Medland at 130 King Street East. This business is not only proving profitable but is rapidly fulfilling the real purpose for which it was bought, namely, establishing a wholesale

connection of our own and providing a market for farm produce.

"Modern comfortable offices have been fitted up at this address where the head offices of the U. F. O. and the Company are now located. You will be pleased to note that our business continues to show a healthy growth as the following figures show:

Total sales were: \$3,300.00 in 1914; \$226,000.00 in 1915; \$410,385.73 in 1916; \$918,197.51 in 1917, (10 months); \$1,765,378.49 in 1918.

As the result of the year's trading, our balance sheet, the correctness of which has been certified to by our auditors, now stands as follows:

Balance Sheet, 31st October, 1918.

ASSETS.	
Cash.....	\$ 3,806.88
Accounts receivable.....	28,564.79
Deposits paid on coal, etc.....	7,047.68
Stock on hand as per inventories.....	\$ 6,071.43
Groceries.....	43,452.96
	\$ 49,524.39
Office furniture and fixtures.....	\$ 2,284.45
Fixtures (Stores).....	2,939.24
Grocery equipment.....	1,802.00
Delivery equipment.....	1,830.00
	\$ 8,855.69
Insurance unexpired.....	\$ 493.10
Mailing list and business extension.....	\$ 7,958.32
Preliminary expense.....	1,712.35
	9,670.67
	\$107,963.20
LIABILITIES.	
Bills payable, Bank.....	\$ 10,000.00
Accounts payable (Trade).....	37,535.27
Deposits received Coal, etc.....	9,707.80
Dividends unpaid.....	28.76
Capital subscribed.....	\$92,950.00
Less unpaid.....	50,018.50
	\$42,931.50
Reserve account	
1917.....	\$3,657.04
Profit 1918.....	4,102.83
	\$7,759.87
	50,691.37
	\$107,963.20

"By referring to this statement, (not reproduced in full) you will notice that \$3,532.63 has been added to the business extension account which represents moneys expended for extending the organization and for the cost of selling some \$83,000 worth of new stock. Preliminary expenses have been increased by \$100.00 being legal fees for changing our charter providing for the increase of the capital from \$10,000 to \$250,000. The total net profit for the year's operation amounts to \$4,102.83. At the directors' meeting held on November 21st, it was decided to declare a dividend of 7% on all paid-up capital stock based on the time such capital had actually been in the hands of the Company: this required \$1,500.00. We also decided to write off 10% on office furniture and fittings, store fixtures, grocery equipment, delivery equipment, business extension and preliminary expenses, amounting to \$1,852.63, the balance of profit amounting to \$750.20, to be transferred to the reserve account.

"During the year, we have had under serious consideration, the advisability of establishing our own office at the Toronto Stock Yards. Several conferences have been held with our live stock committee and finally a resolution was passed instructing the executive to open up this new branch of our business. We are now ready to buy a seat on the exchange and open up the office as soon as we are able to secure the services of a suitable man to put in charge. Several men have been approached, but as yet, we regret to report, that we have not been able to find a man whom we care to put in charge of this responsible position. We recommend that no stone be left unturned toward securing this man and opening this office at a very early date. We are pleased to report that we have succeeded in placing an order for our next year's supply of Binder Twine. The twine is put up under our own brand by one of the largest manufacturers in the United States, and we look forward to a substantial business in this line from our clubs. Your directors have also had under consideration, the question of issuing a catalogue of the lines handled, such as groceries, implements, harness, engines, etc., but on account of high and unsettled prices and the present high cost of printing, the matter has been left in abeyance for the time being.

"Another important matter in which you will all be interested, is that of establishing district warehouses throughout the province. We do not advocate establishing retail stores, but recommend the central warehouse system, and propose to establish the same on a basis similar to that of the Grain Growers' elevators in the West. Our idea is that warehouses be secured at central and convenient points, around which we should have a number of local clubs. A manager and clerk should be in charge of each warehouse. The manager would be expected to keep in touch with the local clubs by frequent calls, seeing that their needs are supplied and arranging for the delivery to the warehouse of butter and eggs, etc. In order to finance the stock to be carried in warehouses, the local members would be required to subscribe cash to the capital stock of the United Farmers' Co-operative Co., Limited, an amount equal to each such local investment. A local advisory

board would be chosen but the office to be run as a branch of the head office. We have found that in districts where warehouses have been established by local clubs, there has been a tendency to buy from sources other than our head office, thus entering into competition with us rather than helping to increase our buying powers.

"We have found that many firms will sell to local clubs but ignore head office entirely. We are of the opinion that this system of warehouses would largely overcome this difficulty. For instance, if a traveller calls at a local warehouse to sell his goods and the manager requires them, he could say to the traveller, 'yes, we will take this stuff, I will send a requisition to the head office by first mail, you can take the matter up with them.' Such a system, we feel would go a long way toward overcoming two of our great difficulties: 1, the tendency of clubs to forget their responsibility to their head office and, 2, the object of its existence. It would also prove to wholesalers, the power of our organization. By placing all farmers' business through one channel, it gives us a buying power which few firms are in a position to ignore. This system has been tried out most successfully by the farmers organizations in the west and we are of the opinion that a similar system would work to a great advantage in Ontario.

"Another branch that we feel should be developed as soon as capital will permit, is the handling of grain and grass seeds. This will necessitate the establishing of a seed cleaning plant. Having in mind, the fact that these seeds are grown by farmers and purchased by farmers, there is no reason why there should not be a large co-operative business developed in this department."

Much discussion followed the reading of the Directors' report. Manning W. Doherty suggested that the product of the dairymen who are now producing milk for several different markets, offered another line of endeavor for the trading company and said some sound financial basis should be found whereby at least 50 per cent. of the retail price of milk for human consumption would go to the producer. The speaker referred to the Milk Association of the State of New York, which controls the sale of practically all the milk produced in the state. Other speakers advised more energetic action with respect to agricultural implements and machinery, urging that many clubs were not aware of how extensively the company was prepared to handle this business. Mr. Burnaby drew attention to the lack of capital up to the present, and to the fact that no satisfactory arrangements could be made with certain companies until a much larger volume of business could be offered them. This, he argued, required loyalty on the part of club members. The president also stated that everything could not be pushed at once and that the directors felt the live stock plans, district warehouses and the seed cleaning plant to be the most pressing matters, in the order enumerated. The sugar and coal questions were also aired fully, but little satisfaction could be secured as conditions at present, while improving, are by no means normal. Sugar cannot be obtained by the central office in car lots although one club secretary gave a quotation for a carload at 10.60 per cwt., which caused some surprise.

Considerable discussion arose over the fact that some delegates from clubs holding shares in the company could not vote, under the bylaws, unless they were themselves shareholders in their own right. Finally a resolution was passed setting aside (?) the provincial law in this matter and the meeting proceeded. The matter of dividends also caused a flurry, since the matter of distributing a 7 per cent. dividend among 3,500 shareholders, who were entitled to 77 cents each, was considered rather expensive; requiring, in fact, an expenditure equal to about 20% of the total dividend for postage, cheques, office work, etc. A resolution to authorize the recall of the dividend decided upon by the directors and the addition of the moneys to the reserve fund, was lost, however, and the dividends will be paid.

Gordon Waldron, solicitor for the company, discussed, "Commercial Law and Business Methods", especially in relation to the holding of real property, such as land or buildings, by local clubs. The possession of such property, said the speaker, makes it necessary to create a legal person in the form of chartered company before its security can be recognized. Mr. Waldron advised incorporating under the co-operative section of the Ontario Companies Act, since incorporation is thus much simplified and made much cheaper. Land or buildings must be held either in the name of a person or a company and the speaker suggested that shares be made of small value so as to create a widespread, direct interest throughout the community, in the undertaking. It was also brought out that subscribed, but unpaid capital is liable to be called for in case of financial difficulty and that a contract to take stock is just as much a contract as if the capital were paid up. In the case of shareholding clubs getting a vote for the shares held, at shareholders' meetings, it was pointed out that the legal way would be to appoint the secretary or delegate to the convention, an official trustee, with power to vote.

The Government came in for its usual share of criticism, particularly the Provincial Department of Agriculture. Agricultural Representatives were both scored and praised, in connection with their attitude toward the U. F. O. and the past regrettable differences between the Department and the organized farmers, especially with regard to the handling of farm products, were not belittled.

The question of egg-marketing through co-operative egg circles was explained by J. C. Stewart, Live Stock Branch, Department of Agriculture, Ottawa, who quoted the Dundas Co-operative Association as a successful example of an association that by cold-storage of eggs in July, August and September, 1918,