

## Section 4.—Operating Profits of Corporations and Net Income to Stockholders

According to a study made by the Bank of Canada, covering 628 companies, net operating profits rose from \$439,000,000 in 1936 to \$1,013,000,000 in 1942 but the net income to stockholders rose only from \$251,000,000 to \$379,000,000 over the same period due mainly to greatly increased annual deductions for income and excess profits taxes and somewhat larger depreciations and deferred development write-offs.

The companies covered in the compilation include all those with assets of over \$500,000 in 1941 which publish reports or file them with the Companies Branch of the Department of the Secretary of State, together with over one hundred smaller companies whose reports are available on the same basis. It is stated by the Bank of Canada that the net income to stockholders shown in recent years by these companies appears to be about two-thirds of the total for all companies.

Table 7 summarizes the information published by the Bank of Canada in reference to this particular study.

### 7.—Analysis of Operating Profits for 628 Companies, 1936-42

(In millions of dollars)

Item	1936	1937	1938	1939	1940	1941	1942
Net operating profit (before depreciation)....	439	532	469	565	715	905	1,013
Depreciation, deferred development and patent write-offs.....	112	120	124	135	162	206	264
Investment and other non-operating income (net).....	54	60	57	54	49	55	53
Bond interest (incl. exchange and amortization of discount).....	79	79	77	77	77	75	74
Net profit before income and excess profits tax provision.....	362	393	325	407	525	679	728
Income and excess profits tax provision (ex. refundable portion).....	51	65	56	79	188	299	340 <sup>1</sup>
<b>Net Income to Stockholders<sup>2, 3, 4</sup>.....</b>	<b>251</b>	<b>328</b>	<b>269</b>	<b>328</b>	<b>337</b>	<b>380</b>	<b>379</b>
Forced saving (refundable portion of excess profits tax).....							19
Net income available for dividends <sup>2, 4, 4</sup> ....	251	328	269	328	337	380	360
Net income paid out in cash dividends.....	196	234	250	240	239	239	233
Undistributed income (ex. forced saving) <sup>2, 3, 4</sup>	55	94	19	88	98	141	127

### NET INCOME TO STOCKHOLDERS

Item	No. of Companies	1942							
		1936	1937	1938	1939	1940	1941	Net Income to Stockholders	Of Which: Forced Saving
		p. c.	p. c.	p. c.	p. c.	p. c.	p. c.	p. c.	p. c.
Food.....	53	9.7	9.8	7.9	16.1	12.3	18.8	14.6	0.7
Drink.....	17	10.2	12.9	11.3	10.7	10.4	12.4	15.5	0.4
Tobacco.....	3	6.7	7.0	7.0	7.2	6.7	6.4	6.6	0.3
Leather.....	12	0.6	0.8	0.5	1.0	0.8	0.8	1.0	0.1
Rubber.....	6	1.7	1.7	2.5	2.5	2.3	3.3	5.0	0.4
Textiles and apparel.....	52	7.5	7.2	4.4	10.8	10.2	11.5	12.8	2.6
Wood products (incl. logging).....	15	1.0	1.3	0.7	1.5	1.3	1.4	1.6	0.2
Pulp and paper <sup>4</sup> .....	23	4.0	10.8	1.6	9.1	19.5	21.8	17.0	0.3
Paper products.....	24	3.0	3.7	3.1	3.6	3.8	4.8	4.3	0.6
Printing and publishing.....	10	1.1	1.3	1.1	1.4	1.2	1.1	1.1	

For footnotes, see end of table, p. 912.