

be remembered that part of this increase was accounted for by the increased capital investment in plant during the war years. This latter item was \$100,000,000 in 1939 and \$163,000,000 in 1941, after which it showed a rapid decrease to \$80,000,000 in 1943.

7.—Financial Statistics Showing Source and Use of Funds for 678 Industrial Companies, 1936-43

(In millions of dollars)

NOTE.—The sample includes all those companies with 1941 assets over \$200,000 for which consistent reports were available in sufficient detail for the period 1936-43. This statement, compiled by Bank of Canada, is designed to show net cash received from all sources and paid out for all purposes: revaluations or purely bookkeeping transactions which affect items of the balance sheet, particularly plant, property and equipment, preferred and common stock outstanding and, in a few instances, funded debt, are not reflected in the statement. Figures are for the respective fiscal years ended nearest to Dec. 31 of the year stated.

| Item | 1936 | 1937 | 1938 | 1939 | 1940 | 1941 | 1942 | 1943 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Source of Funds | | | | | | | | |
| Net income to stockholders (including refundable excess profits tax)..... | 229 | 294 | 242 | 289 | 288 | 312 | 313 | 294 |
| Cash dividends..... | -184 | -219 | -234 | -224 | -228 | -225 | -210 | -199 |
| Undistributed profits..... | 45 | 75 | 8 | 65 | 60 | 87 | 103 | 95 |
| Depreciation charges ¹ | 104 | 113 | 110 | 118 | 143 | 174 | 196 | 189 |
| Other non-cash charges against current income ² | 10 | 9 | 9 | 10 | 9 | 9 | 8 | 7 |
| Totals, Funds from Current Income | 159 | 197 | 127 | 193 | 212 | 270 | 307 | 291 |
| Issue of common stock..... | 6 | 17 | 13 | 7 | 9 | 6 | 4 | -1 |
| Advances from Government ³ | Nil | Nil | Nil | 1 | 8 | 12 | 2 | 7 |
| Increase in miscellaneous liabilities (less miscellaneous assets)..... | " | -10 | -15 | -8 | 2 | 3 | 6 | -3 |
| Totals, Net Sources of Funds ... | 165 | 204 | 125 | 193 | 231 | 291 | 319 | 294 |
| Use of Funds | | | | | | | | |
| Investment in plant, property and equipment..... | 93 | 140 | 108 | 100 | 122 | 163 | 128 | 80 |
| Investment in inventories..... | 36 | 66 | -16 | 49 | 128 | 139 | 29 | 48 |
| Investment in other companies..... | 13 | 4 | -17 | 24 | -9 | Nil | -3 | 4 |
| Investment in refundable excess profits tax..... | Nil | Nil | Nil | Nil | Nil | " | 20 | 34 |
| Redemption of funded debt..... | 6 | 20 | 7 | 18 | 21 | 32 | 19 | 24 |
| Redemption of preferred stock..... | -2 | 2 | 1 | -6 | 3 | 3 | 1 | 5 |
| Totals | 146 | 232 | 83 | 185 | 265 | 337 | 194 | 195 |
| Increase in working capital, excluding inventories ⁴ | 19 | -28 | 42 | 8 | -34 | -46 | 125 | 99 |
| Totals, Net Uses of Funds | 165 | 204 | 125 | 193 | 231 | 291 | 319 | 294 |

¹ Includes depletion charges. ² Includes current interest due but not paid in cash, deferred development charges, amortization of bond discount, etc. ³ Includes advance payments on government contracts. ⁴ After adjustment relating to tax accruals and other transactions of previous years.

Table 8, which shows taxation factors, is not absolutely comparable with Table 7: it is based on data from 665 companies in place of the 678 shown in Table 7 due to the fact that it was published a few months earlier but at the time of writing it embodied the latest data available.

It is seen in Table 8 that income and excess profits taxes, which absorbed an average of less than 18 p.c. of the net taxable profits in the pre-war years 1936 to 1938, increased this proportion to no less than 51.3 p.c. in 1943. This wartime taxation has been quite effective in skimming off the surplus profits of wartime operations.