

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 49.4 p.c. in 1945.

### 8.—Summary of Profit Statistics for 709 Industrial Companies, 1936-45

(In Millions of Dollars)

NOTE.—Compiled by the Bank of Canada. The sample includes all those companies with 1941 assets over \$200,000 for which consistent reports were available from 1936-45. The accounts of certain companies which were available in some or all of these years were not comparable throughout the period and had to be excluded. The material is, of course, subject to all the limitations and qualifications which apply to the basic accounting statements. 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	1944	1945
Net operating profit (before depreciation) <sup>1</sup> .....	379	455	393	473	598	740	805	765	699	684
Depreciation <sup>2</sup> .....	-106	-113	-110	-117	-140	-170	-191	-185	-157	-147
Investment and other non-operating income (net).....	47	50	48	44	40	42	36	38	40	42
Bond interest (including exchange and amortization of discount).....	-49	-47	-45	-45	-46	-44	-43	-42	-41	-39
Net profit before income and excess profits tax provision <sup>1</sup> .....	271	345	286	355	452	568	607	576	541	540
Income and excess profits tax provision (excluding refundable portion).....	-48	-60	-51	-72	-174	-268	-306	-295	-271	-267
<b>Net Income to Stockholders<sup>1</sup> .....</b>	<b>223</b>	<b>285</b>	<b>235</b>	<b>283</b>	<b>278</b>	<b>300</b>	<b>301</b>	<b>281</b>	<b>270</b>	<b>273</b>
Forced savings (refundable portion of excess profits tax).....	-	-	-	-	-	-	-20	-34	-28	-27
<b>Net Income Available for Dividends<sup>1</sup>.....</b>	<b>223</b>	<b>285</b>	<b>235</b>	<b>283</b>	<b>278</b>	<b>300</b>	<b>281</b>	<b>247</b>	<b>242</b>	<b>246</b>
Net income paid out in cash dividends.	182	216	229	220	221	221	205	194	192	190
Undistributed income (excluding forced savings) <sup>1</sup> .....	41	69	6	63	57	79	76	53	50	56

<sup>1</sup> For purposes of comparability any special capital charges made against income account in company reports have been added back as well as "contingent" and "general" reserves. Special inventory reserves (amounting to 0.5, 0.5, 0.3, 1.7, 5.4, 10.7, 6.2, 3.5, 4.3 and -1.8 in the years 1936-45, respectively), whether shown by the company in operating expenses or as an adjustment to earned surplus, have been deducted in arriving at net operating profit. <sup>2</sup> Includes deferred development and depletion provision amounting to 7.8, 10.6, 10.2, 9.6, 10.3, 10.3, 9.9, 8.4, 8.6 and 8.4 in the years 1936-45, respectively.

The net operating profits before depreciation reached a peak in 1942. Comparing 1937, as a normal year, with the peak year, the increase amounted to 77 p.c. Deducting depreciation, investment and other non-operating income, and bond interest the aggregate amount left before taxation showed a gain of 75.9 p.c., in the same comparison, but after income and excess profits provision the percentage of net income available to stockholders showed only a 5.6 p.c. increase.

The following statement brings together, for each of the years covered in Table 8, the proportion of tax to profits made and the trend of net profits. This clearly shows that wartime industry in Canada was not permitted to benefit in the way of profits from the increased value of business that resulted from the War.