SCOTIA'S GROWTH AS PRODUCER

Using Conditions to Place Company in Strong Position—Figures for 1916.

The important position occupied by the Nova Scotia Steel and Coal Company in Canadian industry, is reflected in the company's annual report just made public. The gross profits, after making the usual deductions but before deducting 1916 depreciation, interest charges, etc., were $4,222,373. From this the sum of $1,490,586 was deducted for depreciation, business profits tax 1915 and 1916, patriotic contributions, etc. Bond interest required $289,359, debenture stock interest $240,000 and bank interest $97,949, leaving net profits of $2,104,477, compared with the previous return of $1,510,609. The net profits added to previous surplus gave $3,615,086 from which $80,000 dividends were paid.

Increasing Output.

In 1915 Scotia made what was then regarded as a splendid record, but in 1916 the output in forged shells was 90 per cent. greater in number and 120 per cent. greater in weight than in the previous year, while the total shipments of finished steel, forgings, etc., showed an increase of 64 per cent. The present exceptional conditions are being properly used to place the company in a strong position. Large appropriations are being made for depreciation and for the reserve for doubtful accounts. In addition, out of the year's business provision has been made for the business profits tax for both 1915 and 1916, so that the company goes into the new year with full provision made for these special accounts. After making provision for these large appropriations, and interest on bonds and debenture stock and preferred dividend, the surplus available on the common amounted to $2,024,477, or equivalent to 27 per cent. and the company carries into the new year a total balance of $3,535,086, which is equivalent to approximately 46 per cent. on the common stock.

Dealing with Scotia's subsidiary, the directors' report says: "The Eastern Car Company had a somewhat unsatisfactory year. The impossibility of obtaining prompt delivery of materials greatly restricted the output. The experience gained in the production of a foreign type of car, and the much higher prices at which recent orders were taken, will, it is confidently expected, make the present year's operation show a satisfactory profit.

"The bank advances and bills payable are abnormally high. This is due to the large increase in business and is more than offset by increased inventories and by loans to the Eastern Car Company, Limited, to enable them to finance contracts on hand.

"The orders for steel products on the company's books at the present time is equal to 74 per cent. of last year's shipments and is sufficient to keep the plant fully employed for the next six months, and there is every prospect that this condition will prevail during the entire year."

Under the capable management of Colonel Thomas L. Cantley, Scotia's operations during the past two years have attained large proportions. As a source of munitions for the Empire, the company's efficiency has been proven and as a factor in supplying the demand for steel for reconstruction after the war, its strong position is recognized.

The Wall Street Journal of February 23rd, says: Canadian manufacturers are placing large contracts for coke with American ovens. This unusual demand arises from the inability of the by-product ovens in the Sault Ste. Marie district to obtain shipments of coking coal resulting from railroad congestion. In the last two days, Canadian manufacturers have placed orders for 60,000 tons of beehive and by-product coke with coke manufacturers in the Connellsville and New River districts. In the past week, Canada has purchased over 100,000 tons of American coke for shipment beginning in April and extending over the balance of the year. All the purchases were foundry grades at $6.50 to $7 per ton at the ovens, spot foundry coke has commanded between $14 and $15 per ton in New England and spot furnace coke has sold between $12 and $13 per ton.