"We are obliged to conclude that the vote of $1,000 a month to the president, as salary for the years 1909 and 1910, an increase from $250 a month during the preceding years, was made for the purpose of enabling him to acquire shares for the benefit of the company, and we find that on the 19th of November last, on page 304 of the directors' minute book, they cancelled this increase, thus restoring his salary to the previous rate of $3,000 per annum. There has been no concealment with regard to the very extraordinary method adopted by the board to avoid showing an operating deficit.

"The premium received upon sales of capital stock during the years 1909 and 1910 was five per cent.; the rate of commission paid to agents for the sale of such stock was also five per cent."

The Monetary Times telegraphed Mr. Fitzgerald, of the Insurance Department, respecting possible action on the above report. Mr. Fitzgerald telegraphed the following reply: "Report has been published for general information. No further action seems to be called for by the Insurance Act. The interests of the policyholders are the chief concern of the department and these are protected by the company's deposit."

POSITION OF CANADIAN COTTONS, LIMITED.

Analysed in Light of Dividend on Preferred Stock.

An initial dividend on the preferred stock of Canadian Cottons, Limited, has been declared at the rate of 1½ per cent. for the current quarter and is payable April 4th to shareholders of record of March 31st. The company was organized in 1910 to take over the assets of the Canadian Colored Cotton Mills Company, after it had exercised its option to purchase the Mount Royal Spinning Mill, of Montreal, and the Gibson Mill, of Marysville, N.B. The Canadian Cottons obtained authority to issue $5,000,000 bonds, carrying interest at the rate of 5 per cent., and $8,000,000 stock. A portion of this was to be common and the balance was to be 6 per cent. preference. It was expected that when the deal had been carried out, the preferred stock would amount to $3,575,000 and the common to $2,700,000.

The Canadian Colored Cotton formerly paid 4 per cent. on its common stock, of which $2,700,000 was issued. Shareholders had the right to exchange their common stock for the non-cumulative preferred stock of the Canadian Cottons at the ratio of four old to three new. But in addition to this they had the right to purchase the new preferred stock at par, a bonus of two shares of common stock being given. Hence it is a little difficult to figure how the shareholders stand on the transfer. There are buyers for the new common stock at 20, and for the preferred at 76.

In local financial circles, it is considered that for a preferred stock paying dividends at the rate of 6 per cent. to sell at 76 is a little unusual and some are looking for an explanation of the low price.

Some Interesting Figures.

Mr. David Morrice, president, says that on the five mills of the company there have been spent during the past ten years $884,000 and that at the beginning of the present year there were orders on the books amounting to $1,300,000. He estimates that additional earnings from the $1,000,000 working capital provided by the issue of preferred stock would amount to $50,000 per year. Without considering this he makes the following estimate of earnings:—

Average profit, Colored Cotton, during the past six years, $261,921; average Gibson Cotton Mill, during three years, $55,520; rental Mount Royal Spinning, $165,000; total, $482,441; interest on bonds, $10,000.

Available for Dividends.

The claim is made that this will leave available for dividends on the preferred and common stock of the company, $292,441. This would leave about 3 per cent. surplus against dividends on common stock after the 6 per cent. has been paid on the preferred. The sufficiency of the property as against the debentures in evidenced in the valuation of the property, the cost of which is as follows:—

Canadian Cotton, $6,635,102; Gibson Cotton Mill, $795,-890; Mount Royal Spinning, $2,646,380; total, $10,077,372; less depreciation, $2,652,257; balance, $7,425,115. The amount of debentures outstanding after the retirement of the old bonds will be $3,800,000 so that they would seem to be well secured.

BANK OF ENGLAND RATE LOWERED.

The Bank of England reduced its discount rate to 3½ per cent. on Thursday.

Ottawa Electric Railway Co.

ANNUAL REPORT

16,987,334 Passengers Carried by Street Railway.

Gross Earnings $748,708.75 and Net $277,229.11.

Substantial Increases. Directors and Officers Re-elected.

The past year was one of the most successful, if, indeed, not the most successful, in the history of the Ottawa Electric Railway Company, according to the report submitted at the annual general meeting of the shareholders of the company, held at 11 o'clock, February 6th, 1911.

The president, Mr. Thomas Ahearn, occupied the chair. Among those present were Messrs. G. P. Brophy, Thomas Workman, W. Baskerville, Charles McNab, Thomas Ahearn, Warren Y. Soper, E. G. Laverdure, James Davey, B. B. Law, M.P., Edward Wallace, James D. Fraser, E. M. Ahearn, T. F. Ahearn and Dennis Murphy.

The report showed gross earnings for the year 1910 of $748,708.75, an increase over the previous year of $71,351.64.

The net earnings for the year were $277,-292.11, an increase of $29,943.85 over the previous year. The number of passengers carried reached a total of 16,987,334.

The statistical statement shows that about 16,000,000 more passengers were carried in 1910 than in the first year of the company's operations, and that the gross receipts have increased from $71,698.99 in the first year to $748,708.75 in 1910.

The president briefly addressed the shareholders. He referred to the astonishing rate at which the business of the company was increasing and of the glowing prospects for the future.

The old board of directors was re-elected as follows: Messrs. T. Ahearn, Peter Whelen, George P. Brophy, Hon. George A. Cox, Warren Y. Soper, and Thomas Workman.

At a subsequent meeting of the directors, held at the close of the shareholders' meeting, the following officers were re-elected: Mr. T. Ahearn, president; Mr. Warren Y. Soper, vice-president; Mr. James D. Fraser, secretary-treasurer; Mr. J. E. Hutcheson, superintendent.