

ENGLISH CEMENT COMBINE

May Establish Plants in Canada from Coast to Coast— Notes of Company's Position.

The establishment of a number of plants from the Atlantic to the Pacific is understood to be contemplated by the Associated Portland Cement Company, of London, England, one of the richest corporations in the world, and H. K. Bamber, managing director, and H. D. Anderson, associate, are now in Vancouver and Victoria negotiating for a desirable site. The plans of the company involve an expenditure of millions of dollars in the Dominion. This development has been discussed for some months past, but only now appears to be materializing.

A feature to be noted in connection with the profit account of the Associated Portland Cement Manufacturers is that, excepting 1906-7, the trading profit has varied very little from year to year. There has been an extreme fluctuation of only £42,000, or about 12 per cent., during the past seven years. A range of £42,000 on a property capitalized at nearly £8,000,000 is extremely small.

Adjustment of Trading Profit.

Whether the trading profit has been adjusted to modify greater fluctuations than have been shown, and in order to preserve a certain minimum of profit for the preference shareholders, cannot definitely be ascertained. The London Investors' Guardian says that the prior deduction for repairs and renewals during the seven years shows an extreme fluctuation of £32,882, and that during the past five years its movement has tallied pretty closely with that of the gross profits. The ultimate result of the profit account has never varied during the whole nine years of the company's existence; the full cumulative dividend on the preference shares has been met, and a specific reserve allocation of £25,000 retained intact. The balance at profit and loss has moved upwards or downwards, subject always to these two standing appropriations; a full 5½ per cent. to the preference shareholders and £25,000 to the reserve and depreciation account.

Company's Record for Several Years.

The record for 1908-9 accords with that of the previous six years. The gross profit is £16,000 (4½ per cent.) less than that of last year, with £10,000 (8½ per cent.) less expended on repairs and renewals. There is also an economy of £5,300 (14½ per cent.) in the subsequent allowances for depreciation, the net profit coming out at £143,995—£9,180 below last year, but sufficient to show a credit balance of £110 for the two standing appropriations; a full 5½ per cent. for the preference shareholders and £25,000 for the reserve and depreciation account.

Year ended June.	1905.	1906.	1907.	1908.	1909.
Trading profit*	£331,908	333,046	402,466	353,216	337,440
Interest and fees	1,285	2,416	1,057	269	228
Gross profit	333,193	335,462	403,523	353,485	337,668
Management, etc ..	23,521	17,198	18,541	16,596	15,885
Depreciations	31,196	33,502	70,775	37,403	32,065
Bad debts reserve ..	4,000	4,000	10,000	4,000	4,000
Deb. and other interest	135,062	137,512	136,667	142,311	141,722
Net profit	139,414	143,250	167,540	153,175	143,995
Preference div. 5½ p.c.	118,885	118,885	118,885	118,885	118,885
Reserve & depreciation	25,000	25,000	25,000	25,000	25,000
Balance year's revenue	—4,471	—635	23,655	9,290	110
Brought forward	17,658	13,187	12,522	36,207	45,497
Carried forward	£ 13,187	12,552	36,207	45,497	45,607
*After allowing for Repairs and renewals.	£110,299	110,335	138,619	115,491	105,737

Thought Year Was Satisfactory.

The directors reported at the last annual meeting that in their opinion, having regard to the continuance of the depression in the building and constructional trades, and the heavy fall in the price of Portland cement, the result of the year's working is satisfactory. They add: "The selling price of Portland cement to-day is unprecedentedly low, and is substantially less than the cost of production only a few years ago. The main factor which has enabled the company to earn approximately the same margin of profit on its output as heretofore is the reduction in manufacturing cost brought about by a very considerable outlay of capital upon its principal works. There should accrue during the current year a fuller economy from all this expenditure than has yet been realized."

The balance sheet shows a slightly improved financial position. The liabilities are in the aggregate £59,227 less (sundry creditors £68,970 less, indebtedness certificates £1,807 less, mortgages £11,550 more), and the reserves and depreciation funds are £41,564 stronger. On the other hand, the asset position is stronger. The cash holding at £118,470 is £16,474 more, stocks and debtors are £83,391 less, and the debenture sinking fund is £11,025 more. Between the reduction in the indebtedness and the increase in the cash account there is a net

improvement of £75,700 in the finances as compared with last year.

It is interesting to turn back and compare the present position with that of the first year of the combination (1900-1). The debenture account is nominally £225,480 larger, but there is now a redemption fund of £86,516, which reduces the increase to £138,964. Certificates of indebtedness, redeemable by annual instalments, have to a large extent taken the place of open creditor account and mortgage loans, the position shown on balance between these items being an increase in the indebtedness of £21,715. On the other hand, the company's cash account is stronger by £48,850, and the position as regards creditors therefore is ultimately stronger by £27,000 odd.

The asset statement shows three notable variations: stocks are £149,000 less, and debtor (open) accounts are £226,250 less. These two items show a withdrawal of working capital of £375,000, but the cash balance is only £49,000 larger than in 1901, whilst the indebtedness on open accounts and certificates is larger. There would thus appear to be a net contraction in the working capital items of no less than £348,000. The 1909 profit account, compared with 1900-1, however, does not indicate that this great transference from working capital to fixed capital assets is operating detrimentally. The gross trading profit last year was £337,440 against £245,360 in 1900-1, and the net profit was £143,995 against £121,918, but after paying preference dividend the balance is in favor of the earlier period; in 1901 there was a balance of £30,704 against this year £25,110.

Debenture and Share Capital.

The debenture and share capital of the company has a total market value (middle prices) of £3,536,000, of which £186,000 is nominal value attached to the ordinary shares. In addition there is £612,115 of capital unquoted (mortgages £244,275, certificates of indebtedness £377,840). The market value of the debenture and preference issues capitalizes the interest and dividend paid thereon at 6.7 per cent., the £25,000 reserve allocation giving a reserve margin of 0.75 per cent. The market prices therefore are not unduly low, particularly as the debt capital (£3,099,759), at par, constitutes 78 per cent. of the total value which is attached to the undertaking. The debentures at 81-83 yield 5½ per cent., and the preference shares at 6 3-16 yield 8½ per cent.

BAHAMA ISLANDS AND CANADA.

What the Absorption Would Mean to the Dominion— Islands Would Be Good Customer.

Monetary Times Office,

Montreal, March 29th.

Mr. T. B. Macaulay, managing director, Sun Life Assurance Company, is interested in a movement towards the absorption of the Bahamas by Canada. Mr. Macaulay has been interested in the Bahamas for many years past.

According to a conversation which The Monetary Times had with Mr. Macaulay, the population of the Bahamas is intensely loyal. Americans reside there, but there is absolutely no disposition towards closer relationships with the United States. A considerable proportion of the population consists of colored people, but there is an entire absence of what is known in the United States as the color question.

There has been much friendly and considerable business between the Bahamas and Canada. In the business to which Mr. Macaulay is devoted, Canada easily holds the most prominent position in the Islands. A few American and other companies are represented, but the amount of business they do is small as compared with the business retained by Canadian concerns. Owing to the proximity of the United States it is probable that the bulk of the foreign trade of the Bahamas takes place with that country.

The Islands contain an area of upwards of 5,000 square miles and a population of some 65,000. While the Islands will be an undoubted acquisition, they are not at the present time regarded as of as great value as they would become when a province of Canada. Among the products which would appeal most strongly to Canadians are grape fruit, which grow abundantly in the light soil of the Islands. Another product which is of very superior quality is the sisal. Some 25,000 acres of this are now under crop. Tremendous quantities of shells are to be seen heaped together ready for shipment to Germany and other parts of the world where shells find sale. The turtle fisheries are also very remunerative, besides which many tropical fruits can be grown, such as oranges, and to some extent coconuts, bananas, etc. One of the largest sponge fishing industries in the world is carried on there also.

Islands Would Be Good Customer.

The Islands would be a good customer for manufactured products, as well as agricultural products such as hay, flour, oats, butter and cheese. It would be necessary to