

CORPORATION BONDS

Ashdown Bond Issue—Cedar Rapids Financing—Grand Trunk Act Passed

The first important bond issue of the year has been made by the Dominion Securities Corporation, who are offering \$1,000,000 of the J. H. Ashdown Hardware Company, Limited, 5 per cent. first mortgage 15-year sinking fund gold bonds, at 90.20, and interest to yield 6 per cent. The total authorized issue is \$1,500,000, of which \$500,000 is retained in the treasury.

The J. H. Ashdown Hardware Company, Limited, conducts a wholesale and retail hardware business throughout Western Canada. Warehouses are located at Winnipeg, Calgary and Saskatoon. The company had its inception in 1869. In 1902 it had assumed such proportions that it was considered advisable to convert it into a joint stock company. The authorized capital is now \$2,000,000 fully paid, while at December 31st, 1911, there was a surplus of \$1,539,876. These results have been derived almost entirely from earnings and the company has in addition disbursed an annual dividend averaging 12 per cent. throughout the period of its existence.

The issuing house draw attention to the following salient points of the issue:—(1) Value of assets \$4,431,126.61—consisting of lands, buildings, investments, etc., \$1,317,021.04, and net current assets in excess of current liabilities, \$3,114,105.57. The appraised value of lands alone is \$1,014,310. (2) Average annual net earnings for three years ending December 31st, 1911, \$278,161, or over 5½ times the interest on bonds now issued, and (3) an annual sinking fund, beginning January 1st, 1914, sufficient to retire the present issue by maturity at par and interest.

Cedar Rapids Financing.

Arrangements in connection with the financing of Cedar Rapids Power and Manufacturing Company have been completed and a circular issued to Montreal Power and Shawinigan shareholders, announcing the subscription terms. There has been no change in the plan originally announced. Montreal Power and Shawinigan shareholders are to be given the right to subscribe to an issue of about \$8,500,000 five per cent. bonds of the Cedar Company, in the proportion of 30 per cent. of their respective holdings. The bonds, as first announced, will be issued at 90, with a bonus of 25 per cent. common stock. If the bonds hold around the issue price, and the Cedar Rapids stock sells at 60, subscription privileges would be worth about \$5 on each share of Montreal Power and Shawinigan stock. Cedar Rapids stock sold the other day at 70 in private transactions.

How They Will Share.

The circular states that out of the first instalment of 120,000 horse-power, 60,000 horse-power has already been sold to the Aluminum Company of America and 20,000 to the Montreal Light, Heat and Power Company, and that the profits from this will provide for the operating expenses of the company, the interest on the issue of \$8,400,000 bonds now offered, and leave a substantial surplus against the common stock of the company. These earnings will be greatly increased by the sale of the 40,000 horse-power remaining from the first installation as well as from the power to be developed in the second installation. This latter amount will be from 40,000 horse-power to 50,000 horse-power, and according to one statement should provide a profit of about \$20 per horse-power.

Of the above bonds and stock the shareholders of the companies would divide as follows:—

	Bonds.	Stock.
Montreal Light, Heat and Power Company	\$5,100,000	\$1,275,000
Shawinigan Water and Power Company	3,300,000	825,000
	<u>\$8,400,000</u>	<u>\$2,100,000</u>

Granby Company's Bond Issue.

A special meeting of the stockholders of Granby Company Mining, Smelting and Power Company, Limited, has been called for February 25th, to authorize the issue of not more than \$5,000,000 bonds, convertible into ordinary shares at not less than par. The directors have also ordered resumption of the dividend payments by declaration of 1½ per cent., payable March 1st to stock of record February 4th. For the purposes of dividend and special holders' meeting, the transfer books will close on February 4th and reopen on February 25th.

Grand Trunk Debenture Stock.

The Grand Trunk bill authorizing the issue of 4 per cent. perpetual debenture stock to an amount upon which the annual interest shall not exceed £200,000, was passed by the railway committee at Ottawa this week. Mr. H. H. Stevens,

of Vancouver, wanted it specified that the money would not be spent on terminals in the United States, and moved an amendment to that effect, which was lost. "Our president is under indictment in New York for not spending money in the United States," said Mr. W. H. Biggar, K.C., for the Grand Trunk Railway. "I renew the understanding that the money is to be spent in Canada, but of course, we have railways in the United States."

FOUR PER CENTS. UNPOPULAR IN LONDON

Lessons of Recent Issues—Quebec Government and Toronto Power Company Are Making Flotations

The Bank of Montreal issue in London of £400,600 of Quebec City 4½ per cent. debentures at par has been oversubscribed.

The success of the Quebec city loan has been followed by the issue in London of the prospectus of the Quebec Government loan of £400,600 4½ per cent. registered stock at 102.

Quebec's Financing.

There has been no necessity for a number of years for the province of Quebec to have course to a permanent loan, or to a loan of any kind. On the other hand, year to year sees a diminishing public debt. For instance, on July 1st, 1912, the province was able to pay off in the London and Canadian market the balance of the loan contracted in 1882, bearing interest at 5%. Of that loan, debentures for £500,000 (\$2,433,333) were issued in London, and for \$1,066,500 in Quebec, redeemable at one year's notice by the government, at the expiration of thirty years, which notice was given in June, 1911. Part of the debentures were converted into 3 per cent. inscribed stock in 1897 and 1898. The outstanding debentures, amounting to £351,900 (\$1,712,580) of the London issue, and \$693,000 of the Quebec issue, were paid on July 1st, 1912. The financial position of the Quebec government on June 30th, 1912, was such that it could pay off this loan from the consolidated revenue without issuing any new loans to provide the means for so doing, a fact which is unique in the history of the province. The cash deposits in banks on June 30, 1912, pertaining to the consolidated revenue fund, amounted to \$2,609,493.

Toronto Power Company.

The Toronto Power Company is arranging for the issue in London of £600,000 four and a half per cent. debentures at 97.

This company made an issue in London in November, 1911, of £821,917, 4½ per cent. consolidated guaranteed debenture stock, guaranteed unconditionally both as to principal and interest by the Toronto Railway Company. The price was 96.

Several Cobalt issues are being prepared for the London market, it is said.

Unpopularity of Four Per Cents.

The unpopularity of 4 per cent. bonds was again strikingly emphasized last week. The underwriters were obliged to take 71 per cent. of the Queensland loan. This was a government loan of £2,000,000 in 4 per cent. bonds, and was offered at 99. But slightly better was the result of the offering of bonds of the Grand Trunk Pacific's branch lines, which offered £480,000 4 per cents. at 94. The underwriters in this case were landed with 73 per cent. of the offering.

The city of Bergen's £450,000 4 per cents. at 95 were poorly subscribed, 87 per cent. going to the issuing firm.

Want High Interest.

The explanation, says a cable to the New York Journal of Commerce, is that the public wants high interest to tempt money from active trade, where it is so remuneratively employed. Underwriters claim, however, that the public will buy at higher prices later.

The city of Bahia will issue £1,600,000 5 per cent. bonds in London before the end of the month. The unique feature is being introduced of paying interest free from deduction of the British income tax. The borrowers will pay the tax direct in a lump sum.

Chili is arranging to issue over £1,000,000 in 5 per cent. annuities at 96.

Applications have been received by the London Stock Exchange to list the following issues: Algoma Central Terminals, £500,000 fives; Quebec Central Railway, £571,300 capital stock, and £336,500 second mortgage, and £336,500 third mortgage bonds.

The Cobalt Townsite Mining Company, Limited, and the Casey Cobalt Silver Mining Company, Limited, have been authorized to hold meetings of shareholders, directors or executive committees outside the province of Ontario.