# Corporation Finance

## Bell Telephone Case Presented at Ottawa—Canada Bread Has Good Year—Net Profits of Interprovincial Brick Company Increased—Encouraging Outlook for Canadian Locomotive

**Canada Foundries and Forgings Co.**—A circular was issued by the president on September 21, in regard to the sale of the Delaney Forge and Iron Co., the company's Buffalo subsidiary, reading as follows:—

"The directors have no hesitation in recommending ratification of the by-law authorizing sale of the stock of Delaney Forge and Iron Co., which has been held by your company since 1917. The investment has been a profitable one for your company, but in the opinion of the directors, the time has now arrived when the funds represented by this investment can be more advantageously employed in developing the company's Canadian enterprises. The price received for the Delaney stock is a favorable one, and will show a good advance on the original cost."

**Canada Bread Co.**—Figures of operations during the year ended June 30, 1920, indicate that the company enjoyed a successful year. PJresident Mark Bredin in his report points out that last year was a banner one in regard to the volume of business.

Manufacturing profits amounted to $293,881, which is an increase of $117,280 over the item shown as manufacturing profit and other income in 1919. Interest from investments is set down at $16,237 compared with $19,944 a year ago. Balance July 1, 1919, was $103,419, as against a net balance, after payment of business profits war tax for 1915-16-17, of $113,706 on July 1, 1918. Charges against these items for the period include depreciation on plant of $50,000; depreciation on war bonds, $10,214; profit tax 1918, $13,828; leaving a balance carried forward as at June 30, 1920, of $172,295, compared with balance on June 30, 1919, of $103,419.

Other principal items compare as follows:—

| | 1920. | 1919. |
|---|---|---|
| Preferred dividends | $ 87,500 | $ 87,500 |
| Depreciation on plants | 50,000 | ...... |
| Depreciation on war bonds | 10,214 | ...... |
| Bond purchase | 12,500 | ...... |
| Depreciation and bond purchase | ...... | 50,000 |
| Bond interest | 67,199 | 67,989 |
| Ingredients and supplies | 498,097 | 131,250 |
| Total assets | 5,973,727 | 5,534,418 |

**Interprovincial Brick Co. of Canada, Ltd.**—At the annual meeting of the company in Toronto last week, the financial statement for the year ended June 30 last, was presented to shareholders. Net sales during the year amounted to $179,486 against $93,462 in 1919. Net profits were $36,972 as against $11,169. Net earnings in the year were at the rate of 24 per cent. on $150,000 common stock before providing for special write off, and after this was taken into consideration were equal to 16 per cent. earned. The common stock was raised to $200,000 through an issue of $50,000 at the end of the fiscal year. In all $39,584 in dividends was paid, which sum includes $29,581 accumulated dividends from September 30, 1914, to December 31, 1918. This payment tended to reduce profit and loss balance which stood at $13,654 at the year end against $20,269 in the previous year.

The balance sheet shows the company to be in stronger condition financially, the following being the principal comparisons:—

| | 1920. | 1919. |
|---|---|---|
| Total assets | $ 385,624 | $ 290,221 |
| Cash | 1,587 | 1,983 |
| Inventories | 66,761 | 25,721 |
| Property, etc | 253,209 | 275,711 |
| Investments | 50,000 | 2,500 |
| Accounts payable | 12,133 | 1,934 |
| Tax reserve | 5,149 | 1,100 |

**Canadian Locomotive Co., Ltd.**—The annual meeting of shareholders of the company was held at Kingston, Ont., on September 16, when a by-law was passed, and the following board of directors elected: A. Jarvis, Robert Hobson, Warren Y. Soper, John L. Whiting, James Carruthers, M. J. Haney and F. G. Wallace.

At a subsequent meeting of the board of directors, the executive officers for the coming year were appointed: F. G. Wallace, president; John L. Whiting, vice-president; A. Jarvis, chairman of the board; J. H. Birkett, treasurer. Wm. Harty, Jr., and Wm. Casey were elected to the board—Mr. Casey as one of the vice-presidents and Mr. Harty as secretary.

The company, at the present time, is working to full capacity, with sufficient orders on hand to run it for several months, and as the Canadian railroads will require all the motive power they can procure for several years to come, the future outlook for the company is most encouraging.

**Quebec Railway, Light, Heat and Power Co., Ltd.**—Shareholders are now in receipt of the detailed report of the company's operations during the year ended June 30, 1920. The report, which has been covered largely in these columns previously, shows that gross earnings increased nearly $300,000 during the year, but owing to high operating expenses net earnings were slightly reduced. The balance at the credit of the surplus account was $582,705, as compared with $682,464 at the end of the previous year.

The balance sheet, which has been given in these columns previously, shows the company to be in a stronger financial position. Total assets are now $24,736,033, while last year the figure was $24,555,029. Cash on hand and in the bank is reduced, but bills and accounts receivable are higher. Inventories also show an increase, while bills and accounts payable show a reduction.

Besides containing figures of the company's financial standing, the report, which is in pamphlet form, is profusely illustrated with interesting views of the company's property, and comprehensive charts of operations.

**Bell Telephone Company.**—The hearing of the company's application for increased rates was commenced in Ottawa on September 21 before the Dominion Board of Railway Commissioners. Glyn Osler, K.C., in opening the case for the company, declared the reason for the increase in rates was the heavy advance in the cost of labor and material. He stated that the company is not earning any dividends, nor earning interest on its bonds, and in addition the earnings are not sufficient to provide for depreciation of the plant.

C. F. Sise, vice-president and general manager of the company, was the principal witness, and he submitted evidence showing that the service of the company was below par, and that in order to bring the service up to the right standard, new capital is required. In order to obtain this new capital investors must be assured of a reasonable return, and this could not be under present circumstances, because of insufficient earnings. It was stated that no investor will take the risk of not getting dividends or not having their interest paid. In the meantime the company is getting this out of the surplus. Mr. Sise declared that the earnings of the company has declined from 5.6 in 1915 to 3.8 in 1919. A further statement was handed in showing the result of one year's operation based on actual results for the months of May, June and July, 1920, which showed a net operating loss of $581,953. The revenue was $16,601,835, and expenses $17,183,789.

At the conclusion of the hearing at Ottawa, sittings will be conducted in Toronto and Montreal. The company's case will be thoroughly investigated first, and then other evidence, either for or against the increased rates, will be heard by the board at a later date.