Corporation Finance

Canadian Fur Auction Sales First Report—Famous Players Corporation Presents Initial Report—Increase in Consumers' Gas Prices Justified, State Civic Officials—Grand Trunk Net Earnings Lower

Quebec Railway, Light, Heat and Power Co.—Earnings of the company are making an excellent showing. Those for the first three-quarters of the present calendar year, by quarters, compare as follows: First quarter, $165,900; second quarter, $198,200; third quarter, $233,500.

Whalen Pulp and Paper Mills, Ltd.—The Reliance Mill and Trading Corporation, of New York, has been appointed to take charge of the manufacturing end of the business. John Ball, who is president of the Reliance company, was formerly with Price Bros., Quebec, and the securing of his services by the Whalen organization is regarded with satisfaction.

Loew's Theatres, Ltd.—Two of the five Loew's theatre companies operating in Canada held meetings on December 22 to consider the creation of a new company to be called Loew's (Canada), Ltd., with a capital of $5,000,000 8 per cent. cumulative preference shares of $100 each, and $15,000,000 common shares of $10 each. These were Loew's Toronto Theatres, which approved of the reorganization, and Loew's Windsor Theatres, which, after a stormy meeting, decided upon an adjournment until Tuesday, December 28th, to give the shareholders an opportunity to more fully acquaint themselves with the merits of the proposal put forward by the directors.

Grand Trunk Railway.—Earnings for the first ten months of 1920, according to revenue statements issued from London, show an increase in gross receipts of £1,897,400 and of expenses £2,511,200, leaving a decrease in net earnings of £613,800, compared with the same period in 1919. Net receipts for October showed a decrease of £63,000. The following table shows the revenue statement month by month:—

	Gross.	Net.	Decrease.
January	£1,038,500	*£167,100	£ 20,000
February	957,700	*102,500	38,800
March	1,182,800	54,500	118,200
April	1,125,600	59,600	95,700
May	1,208,000	68,100	69,300
June	1,365,500	102,500	†40,200
July	1,560,000	210,400	22,900
August	1,595,400	306,300	38,100
September	1,669,300	98,300	188,000
October	1,796,600	219,000	63,000

*Debtor. †Increase.

Consumers' Gas Co.—Finance Commissioner Ross and City Auditor Scott, of Toronto, have reported to the city council that the increase in the price of gas from $1.10 per 1,000 ft. to $1.25 was justified if the financial position of the Consumers Gas Co. was to be unimpaired and the reserve fund restored. Should the price of gas be kept at $1.10 the depleted reserve fund, it is estimated, would be entirely exhausted by 1921. It was not desirable, either from the company's standpoint or that of present and future consumers, that this should come about. On the other hand, the company could only rehabilitate the reserve fund out of any surplus left after paying dividends on the par value of the stock. Anything left after that must be applied to reducing the price of gas.

The officials say that the company must make provision for an increased expenditure of $942,869 in 1921. It will have an overdraft in the reserve fund of $89,890. The increase of 15 cents in price would give $597,457, a balance of $507,567. The 5 per cent. allowed for plant renewal has not been sufficient to pay for repairs and renewals. The reserve fund in October, 1912, was $943,886. The company has power to draw from this fund if the profits do not warrant a 10 per cent. dividend. Due to this condition from 1913 to 1920 $437,781 was withdrawn from the fund.

Canadian Fur Auction Sales Co., Ltd.—Shareholders of the company held their first annual meeting in Montreal on December 15, when the report and balance sheet covering the initial year's activities was submitted. The result of the twelve months' operations, it was explained, had been adversely affected by the changes in the fur trade during the period, but an early improvement was looked for and the future of the company regarded with optimism. No action was taken on the preferred dividend, the directors having come to the decision to await a clarification of the situation before announcing the usual quarterly payment of 1¾ per cent.

There was a good representation of shareholders at the meeting, during which was discussed the conditions prevailing in the fur market. The opinion was expressed that furs would continue in demand, and that, notwithstanding the fact that values had suffered considerably from a period of speculation, prices would gradually be re-established. The fur business, it was pointed out, was essentially a Canadian basic one, and while, like other trade lines, has been subjected to the recent depressing influences, was capable of being developed along highly prosperous lines in the near future. The company held a successful auction sale in March of this year, and will probably hold another in January.

Famous Players Canadian Corporation.—The first annual report of the company, which is now in the hands of shareholders, is in accordance with the forecasts made recently. The consolidated balance sheet covers operations for the twelve months' period ended August 28, 1920, and shows profits including surpluses of subsidiary companies as at September 1, 1919, of $324,196, out of which were paid preferred dividends of $180,000, leaving $144,196 to be carried forward to the credit of profit and loss. As is indicated in the report, these earnings were derived almost entirely from the operation of the sixteen theatres purchased by the corporation out of the proceeds of its second preference share issue. These earnings were therefore obtained practically without benefit of earning-power resulting from the construction and acquisition of new theatres, for the financing of which public issue of the first preference shares was made, and cannot therefore but be regarded as satisfactory.

Total assets are placed at $13,756,000. Current assets total $2,786,154, including $981,684 call loans and cash, while current liabilities total only $114,091, leaving net current assets of $2,672,063, a strong showing, and one reflecting the holding by the corporation of large sums in cash for expenditure on the completion of new theatre buildings now in course of construction. It was felt that these theatres could probably be completed at a less cost in 1921 than if they had been rushed to completion in 1920; for the best authorities are looking for some recline in building costs next year. The report places the number of theatres now operating at twenty, with seating capacity of 19,500.

Referring to the corporation's extension program and to its future earnings, Adolph Zukor, president, says in part:—

"Actual realization of the corporation's chain of motion picture theatres from coast to coast is well within sight, and such satisfactory results from the operation of the sixteen nucleus theatres now in operation, and with earnings from the larger theatres under construction becoming available with the commencement of the year 1921, it is expected that the profits of your corporation for the ensuing year should be satisfactory."