Corporation Finance

Exclusion of Two Companies from Steel Merger Reduces Capitalization of New Consolidation—Other Important Changes Also Shown in Balance Sheet—Increased Profits For Tooke Bros.—Brazilian Traction Revenue Shows Big Improvement in 1919

Brazilian Traction Light and Power Co., Ltd.—Gross earnings of the company for the month of May, 1920, amounted to 10,985,000 milreis, an increase of 1,423,000 milreis, as compared with the same month last year. Net earnings, after operating expenses of 4,723,000 milreis, totalled 6,262,000, an increase of 1,045,000 milreis over last year. For the five months from January 1, net advanced 3,788,000 milreis over last year to 27,261,000.

Porto Rico Railways Co., Ltd.—The following is a comparative statement of earnings of the company for May, 1920:—

	1919.	1920.	Change.
For May:			
Gross	$103,225	$116,877	+ $13,652
Net	47,068	42,514	— 5,553
For five months:			
Gross	478,777	547,944	+ 69,166
Net	177,008	214,361	+ 37,352

Whalen Pulp and Paper Company.—In submitting the annual statement for the year ended February 29th, 1920, Sir Geo. Bury, president of the company, says: "Your directors, while optimistic as to the future, recognize mounting labor and material costs, and prudence demands conservative financing, looking possible falling markets." The following comparison of the principal figures, shows that the position of the company has been much improved:—

	1920.	1919.
Gross earnings	$4,619,734	$4,065,206
Expenses	3,741,185	3,952,892
Net earnings	878,549	112,314
Net profits	323,757	*337,729
Current assets	1,655,019	1,003,080
Current liabilities	1,012,890	2,184,424
Total assets	18,420,831	16,818,608
Pulp produced (tons)	47,962	41,814
Lumber pro. (m. ft.)	12,731	20,081
Shingles pro. (m.)	61,198	49,190

*Deficit.

Western Power Co. of Canada, Ltd.—For the month of May, according to reports from Vancouver, operating revenues amounted to $44,945, an increase of 14.1 per cent., compared with May, 1919, and net earnings of $28,101, an increase of 6.7 per cent., compared with May, 1919. There was included in operating expenses for depreciation during the month of May, 1920, the sum of $2,525. For the 12 months ended May 31, 1920, the company shows operating revenues of $501,668, an increase of 9.5 per cent. over the same period in 1919, and net earnings of $303,845, an increase of 3.5 per cent., compared with the same period in 1919, after making allowance for depreciation of $23,657.

Dominion Flour Mills, Ltd.—A meeting of bondholders of the company is called for July 14 next, for the purpose of securing their approval to a resolution empowering the directors to dispose of all of their Ontario mills, should they deem it advisable. It is pointed out by the company that they are not entertaining any proposals to sell any of their mills in Ontario at the moment, but should such an offer be made at any time they would be in a better position to take advantage of it. The company operates two mills at Brantford, as well as a mill at Hamilton, Copetown and at St. George, making a total of five mills in the province of Ontario.

Dominion Steel Corporation.—Shareholders of the company are in receipt of a formal notice from the directors calling a meeting for July 15 next, to ratify the recommendations of the board in respect to the British Empire Steel Corporation proposals and to approve of the amended balance sheet. The previous balance sheet showed the total issued capital to be $213,750,000, this has been amended and reduced as will be seen from the following comparison:—

Issued capital stock:	Formerly proposed.	Presently planned.
Seven per cent. cumulative preferred	$ 37,000,000	$ 36,250,000
Eight per cent. cumulative and participating preferred	25,000,000	25,000,000
Seven per cent. non-cumulative preferred	72,750,000	*65,532,815
Common stock	79,000,000	65,000,000
Total issued	$213,750,000	$191,782,815

In reference to the sale of the 8 per cent. preferred, President Wolvin, of the Dominion Steel, states that it has been agreed that not less than $20,000,000 of the $25,000,000 thus placed in the treasury will be spent in improvements, development and extension of the undertakings of the Dominion and Nova Scotia companies.

The revised balance sheet, compared with former figures, reflects the exclusion of the Canada Foundries and Forgings Co. and the Port Arthur Shipbuilding Co., from the merger, and is as follows:—

Assets.	New figures.	Old figures.
Properties, per appraisals	$394,076,920	$403,770,990
Deferred balances	79,209	79,209
Cash	26,522,759	24,091,269
Call loans	1,526,204	1,526,204
Government bonds	4,229,832	4,913,590
Accounts received	16,494,523	17,018,536
Inventories	25,941,639	27,757,052
Investments	2,968,043	2,973,464
Deferred charges	1,986,804	2,008,386
Bond redemption	190,412	250,661
	$474,016,345	$484,389,361
Liabilities.		
Total securities	$191,782,815	$207,000,000
Funded debt	43,419,094	43,550,294
Deferred payments	1,484,000	1,484,000
Bank loans	6,198,515	6,445,973
Notes payable	392,431	398,560
Accounts payable, etc.	14,410,197	15,147,017
Pay, uncomp. contracts	9,468,647	10,216,847
Deferred credits	1,308,230	1,308,231
Reserves	3,832,489	1,998,844
Capital surplus	201,719,929	196,839,595
	$474,016,345	$484,389,361

*Besides being reduced in amount, this class of stock has been changed from non-cumulative to cumulative, so that the account will now be known in the balance sheet as $65,532,815 7 per cent., cumulative second preferred stock. It is pointed out that the change will enhance the value of the new shares in a very palpable way. It is also pointed out that the first cumulative preferred will be exchangeable for the preference stock of the constituent companies, the holders of which have the option of making such exchange or retaining their present securities, while the 8 per cent. cumulative and participating preferred is to be issued to secure additional capital to extend and improve the various units of the new consolidation. Both issues will rank equal as to dividends and assets.