

Value of the C. N. R. Fixed

\$10,800,000 for 600,000 Shares of Common Stock Awarded by C. N. R. Arbitrators.

Toronto, May 25.

Ten million, eight hundred thousand dollars is the amount the Dominion of Canada will pay for the 600,000 shares of common stock of the Canadian Northern Railroad, which is being taken over by the country, to be operated as a publicly owned enterprise. This is the announcement made to-day by Sir William Meredith, chairman of the arbitration board, which has been considering for some months the price to be paid for the stock.

As to the costs of the arbitration, each party to the arbitration will bear its own, with the exception of the cost of taking the evidence and the secretarial work, which will be borne by the Government in any event.

The judgment does not go into great details. It gives no statement of assets and liabilities, but states that the arbitrators accepted the report of Prof. Swain as to the theory of valuing the roads on the basis of reproduction cost new less depreciation. The award also accepts Prof. Swain's estimate of depreciation and concludes that the amount of assets over liabilities on October 1, 1917, was not less than \$25,000,000.

The arbitrators state that they took into consideration the present financial conditions of the company and the amount of competition offered by other roads. The best available test of valuing the road, they state, is the reproduction of new valuation, although it is recognized as not altogether accurate, and while the surplus of assets over liabilities was also a factor to be considered it could not be taken as conclusive evidence of the value of the stock. The earning power of the road had also to be considered.

"As to whether or not there was a surplus of assets over liabilities was naturally a subject which engaged much time and consideration," says the text of the award. "It is, of course, not a conclusive test as to the value of the stock, but it is an element which cannot be ignored. Its importance was perhaps emphasized by the fact that a Royal Commission had reported the assets and liabilities of the company to be about equal. This report, which was made in a proceeding to which the company and its shareholders were not parties, was admittedly based on a misconception of some of the facts, and there were omissions of both assets and liabilities. It should also be pointed out that the work of the Royal Commission had

reference to date anterior to the first day of October, 1917, and there were changes in the interval.

"In arriving at the surplus of assets over liabilities, the report of Professor Swain as to the reproduction cost new of the physical property based on pre-war prices, and also his estimate of the depreciation has been adopted, and after a careful examination we found the surplus of assets over liabilities of the company on the first day of October, 1917, on a conservative basis, to be not less than twenty-five million dollars after deducting the full amount of depreciation found by Professor Swain and making such reduction in the value of the land grants and other assets as deemed reasonable.

It is to be pointed out that a valuation of the physical property of a railway company by the reproduction new method less depreciation is not to be regarded as an ascertainment of the actual value. It is only a means to that end, but as it was the best, and, in fact, the only estimate available, it has been adopted as a basis for the foregoing calculations.

"While the surplus of assets over liabilities is an element for consideration, as has been already pointed out, it is not conclusive as to the value of the stock of the company. Its prospective earning power is perhaps more important than any other element in ascertaining such value, and in arriving at a conclusion we have given careful consideration to the past history of the company, its earnings and expenditures, the present financial position of the company, the location of its line and their construction, the other railways already existing in competition, the rate of interest on the funded and other debts of the company, the probable future growth of the population and business of the country, and all other factors which seemed to us to have any bearing upon the question.

It is apparent that there was great room for difference of opinion in a matter involving so many elements of uncertainty and speculation, but after taking into consideration all the circumstances which appeared to us to be entitled to weight in determining so difficult a question, we came to the conclusion we have mentioned."

The award is signed by Sir William R. Meredith, Mr. Justice Robert E. Harris, and Hon. Wallace Nesbitt, K.C.

FAILURES LAST WEEK.

Commercial failures last week in Canada, as reported by R. G. Dun & Co., numbered 12, against 23 the previous week, 14 the preceding week, and 14 last year. Of failures last week in the United States, 77 were in the East, 36 South 47 West, and 24 in the Pacific States, and 56 reported liabilities of \$5,000 or more, against 72 the previous week.

MASSEY-HARRIS CO.

An increase in the capital stock of the Massey-Harris Company, Limited, Toronto, from \$15,000,000 to \$25,000,000 is provided for in additional letters patent issued by the Department of State last week. The increase will consist of 100,000 shares of a par value of one hundred dollars.

UNION BAG & PAPER CO.

Union Bag & Paper Co. reports net profits of about \$519,000 for the first quarter of the current year, or earnings at the rate of 20.7 per cent per annum on the capital stock. Profits are stated after allowances for repairs and depreciation, and also the provision of \$90,000 as the quarter's share of the excess profits tax. The company owns the St. Maurice Paper Co., of Three Rivers.

MONTREAL STOCK MARKET.

With holidays intervening last week the total volume of business showed a considerable falling off, there being less than 10,000 shares of listed securities traded in during the week as compared with over 19,000 for the previous week and over 39,000 for the corresponding week in 1918.

In addition to the smaller volume of business the market showed a tendency to re-act in sympathy with the poorer tone in Wall Street. On the whole, however, the Canadian market held up extremely well, there being but fractional losses in the leading securities.

Dominion Steel led in activities with 1,600 shares and a loss of 1½ points, Steel of Canada with 1,300 shares and a loss of 1½ points. The next most active was Quebec Railway with 1,200 shares traded in and a net gain of a quarter of a point. On the whole, however, the market was featureless. It, however, possesses the earmarks of being in a position to take advantage of any favorable news and it would not be at all surprising to see a bull market during the coming summer. Total business for the week as compared with the preceding week this year and the corresponding week last year follow:

	Week ending		
	May 25, 1918.	May 18, 1918.	May 26, 1917.
Stocks	9,815	39,767	19,287
Do. unlisted	360	1,170	413
Bonds	\$62,200	\$63,900	\$107,800
Do. unlisted	\$67,000

NEW COMPANIES.

The following new companies are announced in the various gazettes:

FEDERAL CHARTERS.

Canadian Button, Ltd., Montreal, \$25,000.
Robinson-Alamo, Ltd., Winnipeg, \$30,000.
Oppenheimer Casing Co. of Canada Ltd., Toronto, \$5,000.
Frank Waterhouse Co. of Canada, Limited, Vancouver, \$50,000.
Aldred & Co., Ltd., Montreal, \$1,000,000.
Saxon Motors Corporation of Canada, Ltd., Windsor, \$50,000.
Sunbeam Chemical Co. of Canada Limited, Toronto, \$50,000.
Petroleum and Gas Products, Ltd., Toronto, \$1,000,000.
Flaxinum Sales Co., Ltd., Winnipeg, \$25,000.
Swan Lake Farm, Ltd., Toronto, \$500,000.
Fairfax Forgings, Ltd., Montreal, \$1,500,000.

QUEBEC CHARTERS.

Standard Foundry Ltd., Longueuil, \$90,000.
Desjardins, Ltd., Montreal, \$49,000.
L. A. Cantin & Co., Ltd., Montreal, \$10,000.
L. A. Duval Co., Ltd., Quebec, \$20,000.
Hannans, Ltd., Montreal, \$20,000.
Dominion Asbestos Spinning Co., Ltd., East Broughton, \$149,000.
Gregoire Lumber Corp., Ltd., Plessisville, \$45,000.
Charland, Ltd., Verdun, \$10,000.
Laurence & Robitaille, Limited, Montreal, \$20,000.
Masterman, Ltd., Montreal, \$99,000.

WEEK'S RECORD OF ACTIVE MONTREAL STOCKS.

Sales.	Stocks.	Open.	—Month—		Last	Net	—Year—	
			High.	Low.			High.	Low.
517	Ames Holden	22	22	20	20	—2	22½	15
187	Do. pfd.	59	59	59	59	—1	60	47
295	Brompton	54½	54½	53½	53½	—1	54½	41½
320	Can. Car pfd.	78	78	77½	78	unch.	78½	49½
762	Can. Cement	60¼	60¼	60	60	unch.	61	*57
95	Can. Converters	43	43	43	43	unch.	*43	43
180	Can. Steamship	40	40	39¾	39¾	unch.	43¼	39¼
160	Do. pfd.	76	76	76	76	unch.	78½	76
157	Con. Smelting	25	25	25	25	unch.	26	25
544	Dom. Cannery	34½	43	34½	40	+5	43	23¾
96	Dom. Iron pfd.	90½	90½	90	90	unch.	91½	88
1,610	Dom. Steel	63	63	61½	61½	—1½	63½	*53
105	Dom. Textile	90¼	90¼	90¼	90¼	—1½	91½	80¾
110	Lyall	78	78	78	78	unch.	79	*62
151	Mont. Power	77	77	76¼	76¼	—¾	80¼	68½
163	Ottawa Power	70	80	69	80	+10	80	69
1,271	Quebec Ry.	20½	22	20	20½	+¼	22½	15
110	Riordon	119	119	119	119	—½	123	117¼
156	Spanish River	13½	14	13½	14	+1	16¼	13
160	Do. pfd.	50	51	50	50	unch.	53¼	50
809	Smart Woods	61¾	65	61¾	65	+3½	65	57¼
1,332	Steel of Can.	66¾	66¾	64½	64½	—1½	67¼	*49¾
—BONDS—								
\$21,500	Can. Loan (1925)	95	95	95	95	+¾	95½	93½
16,600	Do. (1937)	93	93	93	93	—½	93½	91½
13,000	Quebec Ry.	60	60	60	60	unch.	60	60
—UNLISTED SHARES—								
100	Can. Felt	5	5	5	5	—½	6	5
260	Tram. Power	24	24	24	24	unch.	33	23½

*Ex-dividend.