

Corporation Finance

Western Canada Flour Mills Profit Lower—Lack of Export Business the Principal Factor—Canadian Pacific Net Earnings Improved in September—Ottawa Light and Heat Company Takes Over Ottawa Power — Barcelona and Brazilian Traction Companies Made Better Showing in September

Brazilian Traction, Light and Power Company.—Net earnings of the company again showed a favorable increase in September, as compared with last year, the figure being 1,208,000 milreis, or the second highest increase this year, the highest being in August. For the first nine months gross earnings amounted to 96,665,000 milreis, as against 83,559,000 for the same period last year, while net earnings for the nine months amounted to 51,544,000 milreis, an increase of 7,911,000 for the year.

Barcelona Traction, Light and Power Co.—A very favorable showing was made in net earnings of the company for September, the figure being 1,945,823 pesetas, an increase of 793,844 pesetas over the same month last year. Aggregate net from March 1, was 12,126,693 pesetas, an increase of 4,364,538 compared with the same period a year ago.

At the present time the labor situation in Barcelona, Spain, is far from promising, but it does not appear as though the company has been greatly affected. At the end of October, workers in the electric light plant threatened strike in sympathy with the metal workers, but whether they have done so yet it is not definitely known. If they do so, however, it will no doubt be reflected in subsequent statements of the company's earnings.

Carriage Factories, Ltd.—At the annual meeting of the company in Toronto last week, the old directors were re-elected, with the exception of W. F. Brock, whose place was taken by F. J. Neale, of Toronto. President J. B. Tudhope, who was in the chair, announced that the company's bonds, which had been repurchased, together with Victory bonds purchased, both filed with the Montreal Trust Company, now amount to more than \$30,000 over the total bonded indebtedness of the company. It was also pointed out that the company's liabilities had been reduced by \$1,130,000 during the past two years. Operations at the Orillia plant were being turned more in the direction of motor accessories, leaving the carriage business to the Alexandria plant. Business is somewhat dull in both lines at present, and no prophecy could be made as to conditions in the immediate future.

Ottawa Light, Heat and Power Co.—Announcement has been given of the purchase by the company of Ottawa Power Co., including the hydraulic power plant, power house situated on Victoria Island, and also six water lots at the Chaudiere. Recently a bond issue of \$1,200,000 was made by the company, and at the time it was announced that the money would be used to acquire additional developed water power. The above-mentioned deal was undoubtedly the reason for the new financing, although nothing was said at the time.

London Street Railway.—After a personal inspection of the receipts of the railway for October, Commissioner E. B. Ingram, of the Ontario Railway and Municipal Board, makes the following statement:—

"I am of the opinion that the board can pay to the men surplus earnings that accumulated during the month of September. The increase will be given the men on the 5th inst. And this appears to be satisfactory to the employees as far as I can ascertain."

In regard to the redemption of bonds, Mr. Ingram states that the board has definitely made up its mind to redeem the bonds as a mortgage provides and as has been done for five years before the board took over the road.

Canadian Pacific Railway Co.—An improvement is shown in the September earnings statement, which has just been issued. Gross earnings show an increase of 14.2 per cent., as compared with an increase of 17 per cent. in August over

the corresponding months a year ago, while operating expenses in September showed an increase of 19.9 per cent., as compared with 37 per cent. in August. The gross for the month at \$20,009,287 is the largest for September in the history of the road, and a record is created also in expenses for the month which amount to \$16,100,632. Net earnings at \$3,908,654 show a decrease from a year ago of \$183,264, while showing an improvement over the August figures, where the net showed a decrease of \$1,577,354.

Although down from the net earnings of September, 1919, the showing under review exceeds that made in 1918 and 1917, but falls below that made in any year back to 1909, including the so-called poor years immediately preceding and following the year of the war, although in those years the gross for September amounted to only slightly above \$10,000,000, or one-half the earnings shown for the month recently passed. Gross earnings for September also create a record for any month this year up to that time.

Gross earnings for the nine months amount to \$146,000,000, which is \$20,000,000 above that for the preceding year, and more than double the gross earnings in 1915. Yet in 1915 the net profits of the railroad for the nine months amounted to more than \$24,000,000, while for the period under review they amounted to barely more than \$19,000,000. In fact, net earnings are the smallest in the recent history of the road. In 1915 net profits were equal to more than one-third the total earnings; in 1920 net was equal to less than one-eighth.

Western Canada Flour Mills Co., Ltd.—Profits of the company, after providing for reserves, for the year ended August, 1920, amounted to \$414,723, as compared with \$437,986 in the previous year, a decrease of \$23,263. This showing is in line with recent exhibits of companies operating in a similar field. In regard to the decline, Andrew Kelly, president, points out in his report to shareholders that such a position was due to the lack of export business, the mills of the company having been shut down at various intervals in the period, with the result that production was reduced substantially. With the abolition of the Canadian Wheat Board, Mr. Kelly points out, there is now permitted the resumption of business with foreign connections as prevailed before the war. Provided the mills are operated to capacity, he states, the current year's results should be satisfactory.

Dividend payments were the same at \$250,000, while bond interest is shown as \$79,253, as compared with \$83,555 in the previous year. A special Victory bond dividend which was distributed to shareholders to the amount of \$250,000 in October, 1918, was repeated in November, 1919. The balance carried forward was \$548,335, as against \$712,865 last year.

While total assets of the company are lower, being \$5,523,362, as compared with \$5,635,633, the liquid position is slightly stronger. The following principal figures illustrate this point:—

	1920.	1919.
Current assets	\$2,243,371	\$2,110,171
Current liabilities	1,194,093	1,101,626

Dissecting the above two accounts shows the following results:—

	1920.	1919.
Accounts and bills receivable \$	291,547	\$ 598,326
Inventory	1,302,907	935,779
Victory bonds	469,650	250,000
Cash	79,009	251,651
Deferred charges	100,256	74,414
Bond interest	38,874	41,174
Dividends accrued	100,000	100,000
Accounts and bills payable.	1,055,219	960,451