

DOMINION STEEL EARNINGS

Surplus Was Decreased and Reserve Funds Were Increased—Annual Report

The consolidated balance sheet of the Dominion Steel Corporation for the year ended March 31st, 1914, show that the net earnings of the corporation and its constituent companies for the year amounted to \$4,442,031, out of which \$903,889 was set aside for depreciation, sinking funds, etc. After providing for all charges and dividends, including a dividend of \$960,931 on the common stock, the surplus was decreased by \$86,105. The reserve funds were increased during the year by \$843,168.

When the directors met at the last annual meeting a prosperous business for the year was confidently looked forward to, and in the first half of the year the expectations of the directors were realized. In the autumn a severe depression in the iron and steel business set in, both in Canada and the United States, which affected the business for the rest of the year, and especially for the last quarter most seriously.

Figures of Production.

The following figures show the production for the year in comparison with that of the previous year:—

	Year ending Mar. 31, '14.	Year ending Mar. 31, '13.
Coal Company:—	Tons.	Tons.
Cape Breton collieries.....	4,670,591	4,640,940
Cumberland collieries	377,092	412,220
Total coal mined	5,047,683	5,053,160
Steel Company:—	Tons.	Tons.
Ore mined, Wabana	763,250	757,003
Pig iron	333,919	321,020
Steel ingots	331,256	343,251
Blooms and billets not further finished	35,299	49,132
Rails	176,027	174,802
Rods	30,764	53,323
Bars, wire nails, etc.....	41,522	19,778

Extensions and Capital Expenditure.

During the year the capital expenditure of the constituent companies amounted to \$1,759,036, of which \$1,123,599 was expended on the new collieries and other property and improvements connected with the coal business, and \$635,436 on the steel company's plant, mines and quarries.

On the coal property, work has been continued at collieries No. 11 and No. 17, recently re-opened, and from both of these some coal is now being mined. Permanent bank-heads have been installed at No. 16 and No. 22, the transportation facilities have been increased and other improvements carried out. The expenditure incurred on the steel plant covered the completion of the extensions that had been in progress for some years. The directors have discontinued, as far as possible, all new expenditure of this kind, and on the steel plant it has for some time practically ceased.

During the year the directors issued £700,000 five-year six per cent. notes, secured by £734,000 consolidated mortgage bonds of the steel company and £200,000 first mortgage bonds of the Cumberland Railway and Coal Company belonging to the coal company. These notes were sold in order to provide in part for the moneys previously expended on capital account. Two thousand shares of common stock were issued in exchange for securities of companies owning two steamers required for use in the business of the constituent companies.

An analysis of the steel company's position generally appears elsewhere in this issue.

Mr. H. N. Boyd, F.F.A., has been appointed Canadian manager of the life department of the North British and Mercantile Insurance Company. He is at work at the company's head office for Canada, Montreal.

Since the end of April, 1913, approximately 1,200 new automobiles have been licensed in Saskatchewan, making the total number in use 7,200. On April 30th, 1913, the number of licensed cars was 5,094, whereas on April 30th, of the present year the number of licensed cars was 7,671, but of these, about 500 have been cancelled.

MERCHANTS BANK OF CANADA.

The net profits of the Merchants Bank of Canada for the year ended April 30th, were \$1,218,694, equal to 17.8 per cent. on the average paid-up capital of the bank. With the balance of stock paid in during the year the bank's capital is now \$7,000,000, and reserve, through the appropriation of the premium of \$180,825 on new stock, and \$400,000 from the year's profits is at a similar sum. Dividends for the year took \$686,574; \$100,000 was written off bank premises account; \$135,000 was reserved for depreciation in bonds and investments, and \$50,000 contributed to officers' pension fund. When these appropriations and also that for the reserve fund had been made, a balance of \$248,134 remained to be carried forward against \$401,014 in the previous year.

The profits were not as large as during the year ended November, 1912, when they totalled \$1,338,844. The balance carried forward this year was also less than in the previous year. This is accounted for by the exceedingly cautious policy of the bank generally as lenders, owing to general business and financial conditions. This wise policy naturally had its effect on the profits of all banks.

The current loans of the Merchants Bank on April 30th, 1914, amounted to \$53,603,000. The Merchants Bank like most other chartered institutions has, therefore, been generous to legitimate business in Canada.

The balance sheet of the bank shows that cash holdings are about \$1,500,000 higher than last year, while quickly realizable assets total \$24,923,403, and represent 36.3 per cent. of the bank's liabilities to the public. Savings deposits of \$45,946,650 are about \$2,600,000 higher than a year ago, and while there has been a decline in demand deposits, there is a total gain of about \$500,000 in deposits of both classes.

A critical examination of the bank's balance sheet indicates that the institution still maintains its important place in the Canadian banking world. This in no small measure is due to the policy of Mr. E. F. Hebden, general manager of the institution, and a banker in whom those who know him place implicit faith in his judgment. At the bank's annual meeting this week, Mr. Hebden stated his belief that we are on the high road to better times with the renewal abroad of confidence in us. "The position of Canada to-day," said Mr. Hebden, "appears to be full of promise."

STERLING BANK OF CANADA.

The profits of the Sterling Bank of Canada for the year ended April 30th, 1914, were \$114,200, compared with \$113,400 in the previous year. The profits were at the rate of 9.90 per cent. on the average paid-up capital of the bank. The earnings, together with the balance brought forward from the previous year, gave a total of \$211,861 for distribution, of which dividends absorbed \$69,105 and taxes \$7,158, while a special contingent account of \$47,615 was created. A balance of \$87,982 was carried forward, compared with a balance carried forward in the previous year of \$97,660.

Of the total assets of \$9,395,000, more than one-third or \$3,355,000 are readily realizable. The assets of the bank are about 40 per cent. of the total liabilities to the public. At the close of the year in April, the paid-up capital was \$1,184,353.

The annual meeting of the shareholders of the bank was held this week, when Mr. G. T. Somers, the president, presided. The Sterling Bank has been making good progress and has had a good share of the banking business offering in the past twelve months. During these critical times in the financial and business world, the institution has maintained a strong position.

Throughout the year, under the careful management of Mr. A. H. Walker, the general manager, and the direction of a cautious directorate, the bank materially improved its position, expanding both its loans and its deposits, paid a dividend of six per cent. to its proprietors, made liberal provision in contingent account for bank premises, etc., and carried forward a satisfactory balance. In addition to the assets of \$3,355,673, which are in immediately available form, such as cash, cheques on and balances due from other banks and readily marketable securities, and representing over forty-three per cent. of the bank's total liabilities to the public, the assets consist principally of \$5,634,000 of discounts and \$320,619 of bank premises, which appear in the statement at no more than the cost, less amounts written off.