

GOOD-WILL OF COMPANIES.

A dozen or more large companies listed on the New York Stock Exchange have assets consisting in large part of "good-will," or other intangibilities such as patents, trade marks, rights, brands, etc. Six of these are unseasoned securities, which were listed on the Exchange in 1912.

The new companies have far outdone the older ones in placing a value on "good-will." B. F. Goodrich considers it worth \$60,592,650 and F. W. Woolworth \$50,000,000. The only other corporation that places "good-will" anything like such a figure is Sears-Roebuck, with \$30,000,000.

Although the capitalization of "good-will" which represents earning power only, a decidedly variable quantity, is not the soundest kind of finance, it is regarded as more or less justifiable if undertaken conservatively. That is to say, the indicated earning power of the company should be sufficient to show very generous returns upon the par value of the securities to be issued. Capitalization of "good-will," patents, trade marks, etc., by industrial companies was undertaken on quite an extensive scale in the latter part of 1911 and the early part of 1912. One of the principal reasons for this was the demand at the time for 7 per cent industrial preferred stocks for investment purposes, which demand was especially catered to by several banking houses. Many concerns were thus able to capitalize their business on favourable terms.

On the whole the securities of the newer "good-will" companies were very well received when first introduced to the public. It is interesting to note how well they have stood the test of the recent heavy liquidation and resultant decline of the stock market. In the following table, says a New York authority, we show twelve companies listed on the New York Stock Exchange whose assets consist in large part of "good-will" patents, etc., together with their recent high and low prices:—

| (a) Good-will.             |              |  |  |
|----------------------------|--------------|--|--|
| x Woolworth .....          | \$50,000,000 |  |  |
| May Dept. Stores .....     | 14,343,957   |  |  |
| x Goodrich .....           | 60,592,650   |  |  |
| x Kresge .....             | 4,549,815    |  |  |
| American Ice .....         | 17,162,478   |  |  |
| Butterick .....            | 9,786,065    |  |  |
| x Loose Wiles .....        | 7,995,720    |  |  |
| Sears, Roebuck .....       | 30,000,000   |  |  |
| American Writ. Paper ..... | 18,010,150   |  |  |
| x Studebaker .....         | 19,807,277   |  |  |
| x Baldwin Loco. ....       | 16,784,116   |  |  |

  

| (b). High. Low.            |       |       |      |
|----------------------------|-------|-------|------|
| x Woolworth .....          | 72.00 | 112   | 85½  |
| May Dept. Stores .....     | 64.0  | 76¾   | 66   |
| x Goodrich .....           | 60.0  | 68    | 28   |
| x Kresge .....             | 60.9  | 81    | 61   |
| American Ice .....         | 52.3  | 27¾   | 20   |
| Butterick .....            | 51.5  | 31    | 27½  |
| x Loose Wiles .....        | 46.6  | 89½   | 89   |
| Sears, Roebuck .....       | 45.5  | 213½  | 178  |
| American Writ. Paper ..... | 42.1  | e 32¾ | e 26 |
| x Studebaker .....         | 36.4  | 36    | 26   |
| x Baldwin Loco. ....       | 28.8  | 54¼   | 46   |

(x) Listed in 1912. (a) Good-will, patents, rights, trade marks, brands, and other intangible assets. (b) Percentage of good-will to total assets. (c) Preferred stock.

The total of the "good-will" account of the above twelve companies amounts to the large sum of \$256,042,772 and the average per cent of "good-will" total assets of the twelve companies is 50.6 per cent.

—The Montreal Loan and Mortgage Co. has increased its dividend from 9 to 10 per cent.

MUNICIPAL BOND SALES.

The municipal bond sales in Canada for April amounted to \$3,693,857, compared with \$1,083,826 for March and \$927,160 for the corresponding period last year, and making a total for the year of \$7,153,989.

Six provinces were in the market. The largest issues were made made by Burnaby, Regina, Calgary and Victoria. The following are the particulars by provinces:

|                        |             |
|------------------------|-------------|
| British Columbia ..... | \$1,625,000 |
| Alberta .....          | 198,000     |
| Ontario .....          | 501,857     |
| Saskatchewan .....     | 594,000     |
| Manitoba .....         | 150,000     |
| Quebec .....           | 125,000     |
|                        | <hr/>       |
|                        | \$3,693,857 |

The following are the monthly totals during 1911, 1912, and 1913:—

|                 | 1911.        | 1912.        | 1913.       |
|-----------------|--------------|--------------|-------------|
| January .....   | \$ 420,337   | \$2,133,531  | \$1,337,500 |
| February .....  | 1,037,287    | 2,596,378    | 1,038,806   |
| March .....     | 6,271,025    | 1,926,716    | 1,083,826   |
| April .....     | 3,910,238    | 927,160      | 3,693,857   |
| May .....       | 3,946,037    | 1,928,748    | .....       |
| June .....      | 3,983,670    | 1,690,344    | .....       |
| July .....      | 1,594,566    | 1,967,476    | .....       |
| August .....    | 1,493,507    | 1,649,547    | .....       |
| September ..... | 1,748,778    | 1,998,606    | .....       |
| October .....   | 1,730,075    | 1,060,497    | .....       |
| November .....  | 2,915,765    | 1,396,664    | .....       |
| December .....  | 1,243,593    | 491,590      | .....       |
| Total .....     | <hr/>        | <hr/>        | <hr/>       |
|                 | \$30,295,838 | \$19,767,356 | \$7,153,989 |

TO LOWER EXPRESS RATES.

A 20 per cent reduction in express rates in the West, with rates in the East left alone for the present till the board has obtained further information as to the working out of the reductions formerly made, is the sense of an unanimous judgment issued by the Railway Commission.

Taking up the companies separately, the judgment finds that the Canadian Express Company, which does most of the express business in the East, shows a falling off in its profits from 13.1 to 6.09 per cent in 1912, but the board considers this is due more to increased expenses, including higher salaries paid to clerks, drivers, etc., greater cost of office material and higher remuneration paid to the Grand Trunk Railway for express privileges, rather than to any reduction in rates made by the board. On account of the reduction in profits of the company, the board hesitates to reduce rates in Eastern Canada until it has an opportunity to see the effect on express business of the previous decreases.

Conditions in Western Canada are very different. The Canadian Northern, which does most of the express business there, made a profit of 24.7 per cent in 1912, and the Dominion Express Company also did well. The companies claim the cost of doing business in the West is greater on account of increased operating cost and less density of traffic, but these the Board considers to have been unduly emphasized, finds Western rates unreasonable, and orders a reduction of 20 per cent in the standard maximum tariffs for traffic classified as merchandise in the Prairie Provinces and British Columbia. The present minimum charge of 25c is not interfered with.