

INVESTMENTS AND THE MARKET

News and Notes of Active Companies—Their Financing, Operations, Developments, Extensions, Dividends and Future Plans

The annual report of the Standard Chemical Iron and Lumber Company indicates that the directors have taken advantage of improved industrial conditions to place the company in a strong financial and manufacturing position. This is reflected by the provision made for depreciation, and the creation of a special reserve of \$375,000, which the directors recommend to be brought up to \$600,000. This, they consider, will be possible from the earnings of the first half of the current year.

The expansion in the company's business is shown by the gross earnings from operation, which amounted to \$696,464 in 1916, as against \$301,859 in 1915. From these earnings \$123,268 was reserved for depreciation of buildings and plants, interest on debentures, notes and bank loans required \$110,304, and \$5,000 was contributed to patriotic fund; \$85,000 was applied as shortage in previous year's depreciation. In addition, the company established a reserve of \$375,000, with the intention of adding further to it as soon as possible. It is understood that certain properties, including timber limits and the charcoal iron furnaces at Parry Sound, which have practically never operated, have been, in the opinion of the directors, carried at higher valuations than are warranted, and that the reserve fund, when increased to \$600,000, will absorb these and all other doubtful items in the fixed assets. These adjustments should place the company in a position satisfactory to the new administration. After appropriations the surplus carried forward at the new year amounted to \$3,776.

Mr. L. M. Wood, president of the company, in his report expressed the hope that after the reserve of \$600,000 has been established they will be able to give favorable consideration to the resumption of dividends on preferred stock. Over \$300,000 was invested in additional plant and equipment out of earnings during the course of the year. Current assets were increased by \$50,000, while the funded debt and floating liabilities were reduced by \$260,000.

Sales amounted to \$3,519,124, as compared with \$2,337,200 in the previous year. The improvement is attributed to higher prices and to increased production as a result of additions to plant. The indications are that this volume of business will be maintained, if not increased, during the current year. The company's wood supply is assured until May 1st, 1918, cutting operations having been completed and practically all the wood hauled from the bush. It was pointed out by President Wood that a small proportion of the company's business can be placed in the category of war supplies, and on this account it does not seem likely that the company's business will be seriously affected by the termination of the war. The principal accounts of the consolidated balance sheet are as follows:—

	1916.	1915.
Land, timber rights, plants and equipment	\$4,207,208	\$3,877,073
Depreciation	466,689	203,000
	\$3,740,518	\$3,674,073
Inventories	1,149,138	1,126,578
Bank loans	250,000	330,000
Funded and mortgage debt	1,370,497	1,531,043
Accounts receivable	284,837	243,179
Bills and accounts payable	373,301	386,218
Special reserve	381,027	

To develop new business the company has established a chemical research laboratory at Montreal. The commercial production of an important product entering into the manufacture of aspirin, has been successfully established. Most of the world's supply of aspirin is now being produced at Montreal. Plant and apparatus are now being constructed by the company to manufacture six other important products, in regard to which experiments are now being made. This is a noteworthy development in the company's business, and may have a favorable effect upon the dividends on preferred stock.

Canadian Car and Foundry Company.—It is understood the company surrendered its claim from Russia for payment for shells valued at \$8,000,000 destroyed in the explosion at Kingsland, N.J., hoping to make up its loss by the sale of salvaged material and from the proceeds of insurance. The work of salvage is progressing, but it is yet early to estimate what the total returns will be. About one-third of the insurance claims, amounting to approximately \$3,250,000, have been paid. The insurance was divided among a number of companies, and it is confidently expected that those which have not yet settled will do so soon. The fact that some companies have paid up is taken as establishing a precedent regarding the validity of the car company's claims. A full report will probably be made to the shareholders within two or three months.

Canadian Consolidated Felt Company.—The profit and loss account just issued, compares with that of 1915, as follows:—

	1916.	1915.
Net sales	\$577,766	\$503,659
Gross increase	51,613	19,011
Charges	47,463	67,977
Net gain	4,150	*48,965
Previous surplus	131,544	180,360
Sinking fund profit	1,200	150
Total surplus	136,894	181,544

*Deficit.

Fixed assets are shown at \$640,915 in the balance sheet, and movable assets \$2,550,630, a total of \$3,191,546. Current liabilities are \$314,406, with a reserve of \$80,032 for bad debts, and surplus of constituent companies amounting to 234,212, which, with its own surplus, makes a total of \$371,107.

Canadian Consolidated Rubber Company.—The company's income account compares with last year as follows:—

	1916.	1915.
Net sales	\$12,094,695	\$7,522,147
Cost of goods, selling and general expenses, depreciation, taxes, etc.	11,189,490	6,987,168
Net profits	905,205	534,978
War tax	77,624	
Preferred dividend	209,979	192,123
Net additional surplus	617,601	342,854
Surplus, January 1	2,690,298	2,347,263
	\$ 3,307,900	\$2,690,118

Canadian Fairbanks-Morse Company.—The company's profits for the year ended December 31st, after making provision for depreciation of plant and special equipment, and after providing for taxes payable under the business profits war tax act in respect of profits for the years 1915 and 1916 were \$636,629 and the surplus carried over from 1915 \$697,836, making \$1,334,466 available for allotment. From this was paid preference dividends \$45,000, common dividends \$160,000, and the surplus was carried forward of \$1,129,466.

"The business was the greatest in volume in the history of the company," states President H. J. Fuller, "and the demand for machinery and supplies was limited by the ability to secure the necessary goods. The business in the west, while not as large as in some years, was much better than for several years past. With the present excellent conditions prevailing there, we look forward to a substantial business when conditions in the East, after the war, may be less active than at the present time. The factory at Toronto has been operated at maximum capacity throughout the year. The increase in inventories is largely accounted for by the large amount of material required, and the increase in accounts re-