MAKING SAFE INVESTMENTS

WHAT CONSTITUTES THE DIFFERENCE BETWEEN BONDS AND STOCKS.

Various Securities in Which We Invest—Bonds and Shares Product of Modern Times—Explaining Difference Between Bonds and Debentures—How Bond Interest is Paid.

This column is written with the sole aim of supplying reliable information for the us and protection—in financial matters—of the readers of this paper. Its impartial and reliable character may be depended upon. The writer of these articles and the publisher of this paper have no other interests to serve in connection with this matter.

Excepting purchases of real estate and loans secured by real estate mortgages, most investments are represented by what are generally known as "securities." This term includes bonds, stocks, debentures, shares and all manner of documents to show in what you have invested your money. Sometimes even, as in the case of Canadian bank stocks, you have nothing to show, your name and number of shares entered in the "stock ledger" being the only evidence of your interest.

Five centuries ago, if a Sir William Mackenzie had conceived the idea of building a great railroad like the Canadian Northern, he would have found it impossible to have raised the money. There were at that time few, if any, fortunes of eighty million dollars (which the road has cost). No one had thought of the idea of dividing up into small amounts the indebtedness of a company desiring to borrow money on a mortgage. Moreover, it could not have been built unless the King and Parliament had undertaken it.

Then, too, if a miller wished to build a flour mill requiring a large amount of capital, he would have had either to have put up the money himself or taken in some partners. He could not have taken in many, for it would have been too cumbersome under the old laws. Moreover, the idea of our joint stock companies had not been thought of.

Now-a-days, however, it is quite different. Lawyers have learned that mortgages can be subdivided into equal parts each part as secure as the whole, and involving no very great expense. In this manner a railroad can mortgage its property, just as an ordinary individual can. But the railroad, instead of one mortgage, can issue for its huge indebtedness a large number of small mortgages, running from $100 up to $5,000 (or, in fact, any amount) in face value. These small mortgages are called bonds. Most bonds contain on their face a copy of the mortgage of which they form a part, and are personally signed by the necessary officers of the railroad. Most bonds, too, have attached what are called "coupons," which are small certificates of interest, which are cut off and cashed—at any bank—on the date when the interest is due. Bonds, of course, may be issued by all kinds of companies. Governments and municipalities, too, issue them.

The word "Debentures" is in many cases used in reference to bonds. Strictly speaking, however, a debenture is a promissary note not secured by a mortgage. They, like the bonds, are divided into small amounts, and are issued for money borrowed, just as a man gives his note to a bank when borrowing.

Thus we see that bonds are merely mortgages, and mortgages, as everyone knows, are "promises to pay," secured by land or some other valuable, marketable object. Debentures, too, are promises to pay, given without any security whatever, other than that involved in the financial standing of the issuing company. Shares or stock, however, are quite different. They involve no promise on the part of the issuing company to repay the amount they represent. When you purchase shares in a company you become a partner. In the old days, when a man started a business, he had to put in the capital himself, or gather together a few partners to help him at it. Now, however, a company requiring a million dollars to operate will issue ten thousand shares, each representing one ten-thousandth part of the proprietorship of the company—that is, a $100 interest. These proprietors (which the shareholders actually are) cannot demand the repayment of the money they have put into the company any more than an ordinary partner can demand his money back from his other partners in a business. He can only get his money out by selling his share in the business to someone else. Just so with the shareholder, except that in the case of many of our large joint stock companies there is a regular market for these shares, which are bought and sold daily at a price determined largely by the amount of shares to be sold, and the number of buyers and their eagerness to buy.

The chief point to be remembered is that shares of stock are not at all like bonds, for, as we pointed out above, bonds are "promises to pay," and must be repaid at a fixed date, while shares involve no such promise.

There is one other feature, too, in which bonds and stocks differ. Most bonds carry a fixed interest payable at regular dates. Stocks do not carry any interest. Their return consists in a division of profits after all obligations of interest, costs of operation, etc., are provided. They may carry no "dividend," as the payment is called, or they may carry a large one; but it merely represents a division of surplus profits. Bond interest, on the contrary, is a fixed charge, and must be paid, or the mortgage on the company may be foreclosed.

"INVESTOR."

FROM MERRY OLD ENGLAND

NEWS BY MAIL ABOUT JOHN BULL AND HIS PEOPLE.

Occurrences in the Land That Reigns Supreme in the Commercial World.

In the United Kingdom last year 840 cremations took place.

The second largest open-air bath in England has been opened at Kensal Rise.

There are 98 towns in the British Isles with a population of 50,000 or over.

The English Prayer Book is printed in no fewer than 120 foreign languages.

Lancashire is the most populous British county, Middlesex second, Yorkshire third.

In 1896, 185 distilleries were at work in the United Kingdom. In 1909-10 the number was 156.

During the day on which the traffic census was taken 12,505 cyclists entered the city of London.

Ten thousand pounds has been left to Liverpool charities by the late Mr. Thomas Davies of Bootle.

The crew of the motor launch Mauretania at Aberystwyth captured a huge seafish weighing three cwt.

The total number of old age pensioners in the United Kingdom at the end of March was:—Men, 533,000; women, 547,411.

Lord Robert Cecil is convinced that the English woman is not only the most beautiful but the best of all women in the world.

From the training ship Exmouth 3,300 boys of the poorest class have passed into the navy and 3,800 into the mercantile marine.

In Great Britain the consumption of tea per head has reached 6.38 pounds, almost equalling that of Australia, which has so long held the first place.

During the last ten years the Royal Commission on Tuberculosis has cost the taxpayers $379,160. From the sale of its reports $1,075 has been realized.

Greater London has more than doubled its population in the past fifty years, the figures in 1861 being 3,320,720, while now they are 7,252,963.

One huge oak tree on the Yester estate of Lord Tweedale has supplied all the new panelling of the drawing-room used by the Queen at Holyrood Palace, Edinburgh.

Mining subsidence at Oldhill, Staffordshire, has caused damage estimated at $30,000. Fifty houses have been so badly damaged that they have been closed or condemned.

Colchester Town Council has declined to prohibit Sunday funerals, but has recorded its hope that the public will not, out of regard for the cemetery officials, choose Sunday for interments.

On going to clear a pillar-box late at night a Nantwich (Cheshire) postman was surprised to find 28 live frogs and two dead ones among the letters. He removed them successfully, but the letters were badly smeared. Three boys named Robert Tomkinson, Frank Sandlands, and Arthur Townsend were each fined 10s. for placing the animals in the box.

INDIA'S COTTON IN PERIL.

The Boll Weevil May Destroy the Entire Crop.

A despatch from Lahore, India, says: The Indian cotton crop is greatly imperiled by the ravages of the boll weevil, and if the efforts to destroy the pest do not prove to be successful it is probable that there will not be a crop.

Subscription List Will Open on Monday, Aug. 14, and Will Close on or Before 3 p.m. Monday, Aug. 21

CAWTHRA MULOCK & CO. OWN AND OFFER AT

98½

$1,250,000 of 6% First Mortgage Sinking Fund Thirty Year Gold Bonds of

CANADA BREAD COMPANY, LIMITED

(Incorporated under the Laws of the Province of Ontario.)

The same to carry with them a bonus of 25 per cent. of Common Stock.

DATED August 1st, 1911. ***DUE August 1st, 1941.***

Principal and semi-annual interest February 1st and August 1st, payable at any branch of the Union Bank of Canada or Metropolitan Bank.

Denominations: $100, $500 and $1,000

Bonds issued in coupon form, with privilege of registration of principal

TRUSTEE:

Guardian Trust Co., Limited, Toronto.

CAPITAL ISSUED AND FULLY PAID UP

6% FIRST MORTGAGE THIRTY-YEAR SINKING FUND GOLD BONDS	**$1,250,000**
7% NON-CUMULATIVE PREFERRED STOCK, ISSUED AND FULLY PAID UP	1,250,000
COMMON STOCK, ISSUED AND FULLY PAID UP	2,500,000

BOARD OF DIRECTORS:

CAWTHRA MULOCK, Toronto, President.
Director Imperial Bank of Canada.
Director Confederation Life Association.

MARK BREDIN, Toronto, Vice-Pres. and Gen. Manager.
President Bredin Bread Co., Limited.

GEORGE WESTON, Toronto.
Model Bakery.
President George Weston, Limited.

H. C. TOMLIN, Toronto.
Toronto Bakery.

W. J. BOYD, Winnipeg, Boyd's Bakery.

ALFRED JOHNSTON, Toronto, of W. R. Johnston & Co., Ltd., Wholesale Clothing.

E. H. LASCHINGER, Toronto, Secretary; formerly Assistant Deputy Postmaster-General of Canada.

BANKERS

Union Bank of Canada. - - - The Metropolitan Bank.

TRANSFER AGENTS AND REGISTRARS

Guardian Trust Co., Limited

AUDITORS

Price, Waterhouse & Co., Montreal and Toronto; Oscar Hudson & Co., Toronto.

HEAD OFFICE: Toronto. PLANTS AT: Montreal, Toronto, Winnipeg

PURPOSES OF COMPANY

Canada Bread Company, Limited, has acquired as going concerns the plants and businesses of the Bredin Bread Company, Limited, of Toronto; Geo. Weston (The Model Bakery), of Toronto; H. C. Tomlin (Toronto Bakery), of Toronto; Stuarts, Limited, of Montreal, and W. J. Boyd, of Winnipeg. In the case of Boyd, the real property is excluded, but a parcel of vacant land in the City of Winnipeg, about two acres in extent, is substituted. The first three companies have been in operation for almost thirty years, and the last two for close to twenty years. They have all grown from small beginnings till they are now among the largest in their respective fields in Canada. The combined output of the companies at present is, approximately, 600,000 loaves of bread per week. It is intended, by extensions to the present plants and the erection or acquisition of new plants, to forthwith increase the output of the Company to one million loaves per week, with other extensions to follow in the other large cities at a later date.

POSITION OF BONDS

For full particulars, reference may be made to our prospectus, which is accompanied by a letter from Mr. Mark Bredin, the Vice-President and General Manager of the Company. We draw attention to the following points:

1. The present $1,250,000 of 6 per cent. First Mortgage Sinking Fund Thirty-year Gold Bonds are secured by Trust Deeds to Guardian Trust Company, Limited, Toronto, constituting a first mortgage on all the property, real, personal, or mixed, now owned or hereafter acquired by the Company, as more fully described in said Trust Deeds. In the Trust Deeds it is specially stipulated that of the $1,000,000 cash being placed in the treasury, the sum of $500,000 shall be held by the Trustee, to be used only in the redemption of bonds or in investment in additional plants and real estate, thus increasing the fixed assets under the mortgage. A Sinking Fund of 1 per cent. is operative from August 1st, 1911.

2. The assets of the companies already taken over stand in excess of all liabilities and without any allowance for good-will, trade marks, etc., at $841,428.70. There has also been placed in the treasury $1,006,221.08 of cash, which, besides furnishing funds for the purchasing or construction of additional plants, will provide ample working capital.

3. The earnings of the present plants, as per certificate of Messrs. Price, Waterhouse & Co., after allowing for depreciation, amounted from April 30th, 1910, to April 30th, 1911, to $107,016.14, to which may be added $35,000, being interest at the rate of 3½ per cent. on $1,000,000 cash in the treasury pending its employment on extensions. It is estimated that, with the economies to be effected, the earnings on these plants will shortly amount to $180,000 a year, or nearly two and one-half times the bond interest.

4. With the extensions that it is proposed to effect forthwith, the Company, by the end of its first fiscal year, should be in a position to show earnings of $260,000 a year, equal to three and one-half times the interest requirements on the bond issue, and with all the additional plants that will be provided with the cash now in the treasury, the earnings should steadily gain to over $530,000 a year, or more than seven times the bond interest requirements.

5. The Company, with its plants situated in the larger cities of the different provinces of Canada, will be in an exceptionally favorable position to benefit by the marked economies that will be possible in manufacturing and, more especially, in distribution, and all the time will be turning out a more uniform product under the most sanitary conditions.

6. The practical men who have made the different companies particularly successful will be identified with the management and direction of the new Company. Mr. Mark Bredin, who is probably one of the most successful bread manufacturers in Canada, will occupy the position of Vice-President and General Manager, while the services of the heads of four of the different companies taken over and of an efficient representative of the fifth have been assured to the Company.

SUBSCRIPTIONS

Subscriptions should be made on the form accompanying the prospectus, and are payable as follows:—

10 per cent. on par value on application, and
88½ per cent. on par value on allotment.

98½ per cent.

OR

In instalments as follows, in which case interest at the rate of 6 per cent. will be charged from date of allotment:—
10 per cent. on par value on application.
13½ per cent. on par value on allotment.
25 per cent. on par value on 1st Sept., 1911.
25 per cent. on par value on 1st Oct., 1911.
25 per cent. on par value on 1st Nov., 1911.

98½ per cent.

Upon final payment by the subscriber for all the bonds allotted, the Guardian Trust Company, Limited, will deliver the bonds, together with fully paid-up shares of the Common Stock of the Company equivalent at par to 25 per cent. of the par value of bonds allotted.

Application will be made to list the bonds and common stock on the Toronto Stock Exchange.

Copy of the trust mortgage and legal opinion of A. M. Stewart, and certificates of Price, Waterhouse & Co., and Canadian-American Appraisal Co., are open to inspection at the offices of the Guardian Trust Company, Limited, Toronto.

Prospectus and application forms may be obtained from and subscriptions should be forwarded to

GUARDIAN TRUST COMPANY, LIMITED, TORONTO

Any Branch of **UNION BANK OF CANADA and THE METROPOLITAN BANK**

OR TO

CAWTHRA MULOCK & COMPANY,

(MEMBERS TORONTO STOCK EXCHANGE)

12 KING STREET EAST - - TORONTO.

"DELIGHTFUL POISON."

How Wine Happened to Have That Name Given It In Persia.

The making of wine is said to have originated with the Persians, who discovered the process quite by accident. One of their earliest kings, Jensheed, who, it is said, was only five or six generations from Noah, was the discoverer or rather a woman of his household was.

"He was immoderately fond of grapes," says the narrative, which is found in Sir John Malcolm's "History of Persia," "and desired to preserve some, which were placed in a large vessel and lodged in a vault for future use. When the vessel was opened the grapes had fermented and their juice in this state was so acid that the King believed it must be poisonous.

"He had some vessels filled with it and 'Poison' written upon each. These were placed in his room. It happened that one of his favorite ladies was affected with nervous headache; the pain distracted her so much that she desired death. Observing the vessel with 'Poison' written on it she took it and swallowed its contents. The wine, for such it had become overpowered the lady, who fell down into a sound sleep and awoke much refreshed.

"Delighted with this remedy, she repeated the doses so often that the monarch's poison was all drunk. He soon discovered this and forced the lady to confess what she had done. A quantity of wine was made and Jensheed and all his court drank of the new beverage, which from the circumstance that led to its discovery is to this day known in Persia by the name of Zeher-e-khoosh, or 'the delightful poison.'"

Last quarter there were 259 births, 61 marriages and 100 deaths at Wishaw.

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