MAKING SAFE INVESTMENTS

PUBLIC UTILITIES REQUIRE LARGE ALLOWANCE FOR DEPRECIATION.

Otherwise, Danger of Serious Financial Trouble—The Capitalized Value of the Franchise Must be Borne in Mind—What to Look for in Balance Sheet—Operating Expenses Should Include Depreciation—Not Greater Than 60 Per Cent. of Gross Earnings.

The articles contributed by "Investor" are for the sole purpose of guiding prospective investors, and, if possible of saving them from losing money through placing it in "wild-cat" enterprises. The impartial and reliable character of the information may be relied upon. The writer of these articles and the publisher of this paper have no interests to serve in connection with this matter other than those of the reader.

(By "Investor.")

As a rule, the real estate of a public service corporation is a small part of its assets. The "plant" is the important feature and in this the bondholder is chiefly interested, as being the principal security for his capital. "Plant" refers to power, plant, rolling-stock, track and general property, exclusive of real estate, which was referred to last week. The average investor buying old issues of well established companies has to take the figures of the company's balance sheet for the value of the assets. Where a new issue is being made, however, a bond house usually has an examination made by an independent engineer. The "replacement value" of the plant alone is considered. By "replacement values" is meant the cost for which the plant in its present state of efficiency may be reconstructed. If this cost is in excess of the amount of bonds outstanding, the security is a very excellent one. In Canada, as a rule, the bond issue of a public service corporation represents but a small proportion of the value of the company's real estate and plant. In the States, however, the case is reversed, and as a value on the capitalized value of the company's franchise depends part of the security of the bonds.

The value of a franchise depends partly and primarily on the political conditions referred to last week. After this the next question is whether the franchise is perpetual, or, as in the case of the Toronto Street Railway, for a definite time; whether it is partial or exclusive, and on what terms it terminates.

The Toronto Street Railway franchise terminates in 1921, but, unless the city decides to expropriate at that time the franchise automatically renews itself until such time as the city does expropriate. It is exclusive only respecting the portion of the city which was incorporated within the boundaries of Toronto in 1891, when the franchise was granted, but any car lines built by the city cannot compete in a manner worth considering as affecting the value of the Street Railway Company. So that while as respecting the present boundaries of the city the franchise is only partial it is in effect exclusive. And this case often occurs where the original franchise is partial; the company occupies all important available streets and there is no room for competition.

The next step is the examination of the company's earnings for a series of years. The futility of examining the figures for one year has been shown in speaking of industrial bonds. If gross earnings are increasing and net earnings are about 40 per cent to 45 per cent. of gross, this part of the examination need only be concluded by a glance at operating expenses. A very substantial amount must be put by for renewels and maintenance, or the strongest company will sooner or later find itself in trouble. As one bond man says, "Deterioration of plant and equipment, which goes on constantly, can only be offset in two ways:—One is out of earnings, and the other out of the security holders—that is, by decreases in the market value of the securities. The first takes prosperity or courage; the second leads to bankruptcy." It is a difficult matter to measure depreciation accurately, but a safe rule is to write off 10 per cent. of gross earnings each month for depreciation. In this way the charge is proportionate to traffic, which provides automatic adjustment.

WOULD SCREAM FOR HOURS WITH ECZEMA

Baby Dreadful Sufferer. Could Not Keep Him from Scratching. Every Joint Affected. Used Cuticura Soap and Ointment and He Is Well.

"Enclosed find my son's photo and I feel by writing these few lines to you I am only doing my duty, as my son was a dreadful sufferer from eczema. At the age of two weeks he began to get covered with red spots on his legs and groins, which mother thought was red gum or thrush; but day by day it grew worse until every joint and crevice were affected and baby started screaming for hours day and night, such a thing as sleep was out of the question. I took him to two of Sydney's leading doctors; one said it was one of the worst cases he had seen, the other did not think it so serious; one ordered ointment for rubbing in, the other a dusting powder. I followed their prescriptions for over four months and still baby kept getting worse. I could not keep him from scratching so great was his agony.

"When he was five months old I tried the Cuticura Remedies and I am very thankful to say my baby is to-day free from all his suffering. His groins were bleeding when I started and other parts affected were the lower part of his body, under the knees, arms, in arm joints, eyebrows and neck; but after twice using Cuticura Ointment I began to see a difference and by the time I had used one tin, along with the bathing with Cuticura Soap, baby was nearly cured. I still kept on using the Cuticura Soap and Ointment, and now, thank goodness, he is quite well and, although he is now ten months old, has not had any further return of the trouble." (Signed) Mrs. G. Martin, 2 Knight St., Erskineville, Sydney, N.S.W., Mar. 31, 1911.

Cuticura Soap and Ointment are sold throughout the world, but a liberal sample of each, with a 32-page book on the care and treatment of the skin and hair will be sent free on application to Potter Drug & Chem. Corp., 60 Columbus Ave., Boston, U.S.A.

11-YEAR-OLD ROBBER.

Paris Police Arrest Small Boy For Thirty-Third Robbery.

A boy of 11 has just been arrested in Paris for hise thirty-third robbery with violence. Louis Lebrun, with a friend of his named Edouard Lamarche, who is nine years old, but has not been in prison yet, robbed the till of a shop in the Rue de Belleville of $6.50, and shot the shop owner through the neck with a revolver.

The younger boy escaped, but the elder was caught, and the police are wondering what to do with him, for he has proved himself as difficult to hold behind bars and bolts as Jack Sheppard himself.

He has been caught red-handed 33 times, including this last time, but always manages to get out of the hands of the authorities.

SOME CAN

But Student Had to Quit.

Some people are apparently immune to tea and coffee poisoning—if you are not, Nature will tell you so in the ailments she sends as warnings. And when you get a warning, heed it or you get hurt, sure. A young college student writes from New York:

"I had been told frequently that coffee was injurious to me," (tea is just as bad) "and if I had not been told, the almost constant headaches with which I began to suffer after using it for several years, the state of lethargic mentality which gradually came upon me to hinder me in my studies, the general lassitude and indisposition to any sort of effort which possessed me, ought to have been sufficient warning.

But I disregarded them till my physician told me a few months ago that I must give up coffee or quit college. I could hesitate no longer, and at once abandoned coffee.

"On the advice of a friend I began to drink Postum, and rejoice to tell you that with the drug in coffee" (the same drug—caffeine—is found in tea) "removed and the healthful properties of Postum in its place I was soon relieved of all my ailments.

The headaches and nervousness disappeared entirely, strength came back to me, and my complexion which had been very, very bad, cleared up beautifully.

Better than all, my mental faculties were toned up, and became more vigorous than ever, and I now feel that no course of study would be too difficult for me." Name given by Canadian Postum Co., Windsor, Ont.

"There's a reason," and it is explained in the little book, "The Road to Wellville," in pkgs.

Ever read the above letter? A new one appears from time to time. They are genuine, true and full of human interest.

WORLD'S DEADLIEST POISON.

Being Used Against British Troops By Abor Tribesmen.

The fact that the Abor tribesmen, against whom the Government of India have sent a punitive expedition to punish them for the recent massacre of Mr. Noel Williamson, are chiefly armed with bows and arrows, has led people to imagine that the natives will inflict but little damage on our soldiers.

As a matter of fact, however, the arrows used by the Abors are often more dreaded than bullets, for they are usually dipped in a poison which is probably the most deadly in the world. This poison is known as curare, and is so virulent that savages have been known to smear it on their nails and to kill an enemy merely by scratching him.

"Three years ago a young doctor was convicted at Vienna for supplying curare to a married woman, who touched a little raw place on her husband's body with it and he died," says the Field. "In effect he had been struck by a poisoned arrow."

Curare is an artificitl compound, the secret of which is most jealously guarded by the priests and medicine-men of savage tribes, and travellers have told fascinating tales of how old women of the tribes assist the priests to make the stuff, and regard it as an honor to test its strength upon themselves.

Another test is to bore holes in trees and inject a quantity of curare. If the leaves have not fallen off before morning, more deadly ingredients are added.

Curiously enough, the domestic fowl and the Argos pheasant are the only creatures said to be immune from the effects of this deadly poison.

Keep "Dick" At His Best.

He'll give you his sweetest song only when he's in the pink of condition. Put him there, and keep him there, by feeding him on

Brock's Bird Seed

He'll enjoy it more, thrive better on it, look finer and sing more sweetly. The seed is a scientific mixture—a perfectly balanced food for song-birds in this climate—and the cake of Brock's Bird Treat in every package is a splendid bird tonic.

Let "Dick" try this Bird Tonic at our expense. Mail us the coupon below, filled in, and we will send you, absolutely free, two full-size cakes of Brock's Bird Treat. 46

NICHOLSON & BROCK
9-11 Francis Street, Toronto.

For this coupon please send me, free of charge or obligation on my part, two full-size cakes of Brock's Bird Treat, and oblige.

NAME.....

ADDRESS.....

REALLY HUMAN.

Vacation is a good time, not merely for the minister to pursue avocations, but for other folk to discover how human he is. We recently heard of a small boy who came home from a Sunday school picnic and reported to his mother what he had found out about the pastor. "O, mamma," said the youngster, "he can run and holler and climb a tree and eat."

But a practical joke isn't if you are the victim.

WOODEN SHOES IN ENGLAND.

Evidence That They are Better Than Poor Leather.

An effort to substitute waterproof and practically indestructible wooden shoes, the sort worn by peasants in Holland, France and other Continental countries, for the cheap leather shoes worn by the school children of very poor parents was made in England some time ago, but was not a success. It has been revised this winter and evidence is accumulating that in parts of the country there is an increasing use of the cumbersome footgear.

The argument in favor of the clogs is that leather shoes are beyond the means of the average English workingman of family, while clogs are cheap and never wear out, generally speaking. Many school children of the poorer classes wear mere apologies for shoes, soleless affairs, with holes that let in water and lay the foundation for pneumonia and other diseases.

Several years ago when Sir John Kirk, director of the Ragged School Union and Shaftesbury Society, joined Lady St. Helier in an appeal for funds to supply poor children in the London schools with foot wear on the part payment system the suggestion was made that clogs be supplied these children as more durable and serviceable than leather shoes. According to Percy Gray of Orlehar, Bude, North Cornwall, who wrote to Sir John Kirk on the subject, he was met with the objection that cockneydom would not wear wooden clogs.

That objection seemed to have been well taken, for the effort to have poor school children in London adopt the wooden substitutes for leather shoes did not get very far. The renewed effort is finding encouragement in testimony of persons who have made the clog experiment with some degree of success.

ROYAL YEAST

MADE IN CANADA

LOOK FOR THE BLUE PACKAGE
BE CAREFUL TO SEE THAT LABEL ON PACKAGE IS BLUE.
NO OTHER COLOR EVER USED ON ROYAL YEAST
REMEMBER THE COLOR BLUE
E.W. GILLETT CO. LTD.
TORONTO — ONT.

Richard B. Martin of Tewkesbury is one of those who have reason to be pleased with charitable work of this character.

"Last winter," he says, "I gave a few pairs of wooden clogs to some children who have to come a good three miles to school through a wet and dirty lane. The clogs 'caught on' and this year I gave away nine more pairs and my wife over fifty pairs to one village school. They seem to keep the children's feet warmer than old and well worn leather shoes. I had the clogs from Warrington and they cost 2s. 8d. 10d., a pair; men's size 3s. 6d.

THE BEST SECURITY FOR YOUR MONEY IS BONDS

¶ There are, broadly speaking, two classes of investments: speculative investments, which may or may not pay interest and may appreciate or depreciate in value.

¶ And there are Bonds—Bonds are mortgages split up into denominations of $100 or upwards. We continually have Bonds, the security of which is beyond question, which pay as high as 6 per cent. interest. They are the standard form of investment. They are purchased by Banks, Insurance Companies and chartered institutions, because the Government recognizes that they offer the maximum of safety with a profitable rate of interest.

Send us your name and address and we will send you literature from time to time giving particulars of new and old issues.

ROYAL SECURITIES CORPORATION LIMITED

BANK OF MONTREAL BUILDING - - - YONGE AND QUEEN STREETS TORONTO

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MONTREAL-QUEBEC-HALIFAX-OTTAWA LONDON (ENG.)

OFFERED BY

G. W. FARRELL & CO., MONTREAL

(Members Montreal Stock Exchange)

And issued simultaneously in London, Eng.,

$1,000,000 First Mortgage Twenty-Year Sinking Fund 6% Gold Bonds

of the

UPPER FRASER RIVER (BRITISH COLUMBIA) LUMBER CO., LIMITED,

(Incorporated under the Companies' Act of Dominion of Canada)
In DENOMINATIONS $100, $500, $1,000.

AT 96 AND INTEREST (with 25% Bonus of Common Stock), of which $400,000 have already been taken firm, and withdrawn from sale.

CAPITALIZATION.

	Authorized	Issued.
6% First Mortgage Bonds	$2,500,000	$1,500,000
Common Stock	2,500,000	1,700,000

ALLOTMENT.

Subscriptions will be payable as follows:—

10% of the par value on application
31% of the par value on allotment
25% of the par value on the 10 th day of February, 1912
30% of the par value on the 10 th day of March, 1912

HON. WILLIAM C. EDWARDS, Ottawa, President of W. C. Edwards & Co., Limited, Director of Canadian Bank of Commerce.
ALEX. MacLAURIN, Montreal, Vice-President, President Campbell MacLaurin Lumber Company, President British Columbia Timbers, Limited.
C. JACKSON BOOTH, Ottawa, of J. R. Booth, Lumber Merchant, Director British Canadian Lumber Corporation, Limited.
W. MOLSON MACPHERSON, Quebec, President Molson's Bank, Director Grand Trunk Pacific Railway.
HON. D. C. CAMERON, Winnipeg, Lieutenant-Governor of the Province of Manitoba; Director Northern Crown Bank, President Rat Portage Lumber Co., Limited.
H. M. PRICE, Quebec, of H. M. Price & Co., Lumber Merchant, Director of Lake Superior Corporation, Limited.
WILLIAM WAINWRIGHT, Montreal, Senior Vice-President Grand Trunk Pacific Railway, Director British Columbia Timbers, Limited.
W. H. McWILLIAMS, Winnipeg, Vice-President Monarch Lumber Co., Limited.
C. W. FARRELL, Montreal, of G. W. Farrell & Co., Director, Ritz-Carlton Hotel Co., Montreal, Director Atlantic Fruit and Steamship Co., New York.
J. M. MACKIE, Montreal, Director Hillcrest Collieries, Limited.

Each subscriber, upon payment of final instalment, to receive 25 per cent. of par value of Bonds subscribed by him in fully paid up common shares.

The Bonds will be to Bearer, and are a first and fixed charge against the Company's Licenses and other assets, including its uncalled capital.

The $500,000 of the bonds over and above the million now being offered were applied in part payment of the properties, and by agreement, are withheld from sale for a period of two years.

The provisions of the Trust Deed stipulate that a sinking fund for the retirement of the Bonds be created by the payment on July 1st of each year beginning in 1915, of $1 for every 1,000 ft. (Board Measure) of lumber cut and sold; also that $2 per 1,000 ft. (Board Measure) of lumber cut and sold must be paid in before any dividend on the common stock may be declared; also that the said dividend may not exceed 6 per cent. so long as any of the bonds are outstanding.

The Bonds mature on the 1st day of August, 1931, but are redeemable at 105 per cent. by the action of the Sinking Fund, either by purchase on the open market or by drawings as provided by the Trust Deed, after 1st day of February, 1916.

The principal and interest-coupons attached to these bonds will be payable at the Royal Trust Co., Montreal.

Interim certificates will be issued by G. W. F. & Co., countersigned by the Royal Trust Co., which will be exchanged for definite Bonds and stock when issued.

The failure to pay any instalment when due will render all previous payments liable to forfeiture.

TRUSTEES FOR THE BONDHOLDERS, THE ROYAL TRUST COMPANY, MONTREAL
Solicitors in Canada—Messrs. Brown, Montgomery & McMichael, Montreal. Bankers in Canada—Bank of Montreal, Montreal.

The following extracts from a letter to Messrs. G. W. Farrell & Co. from the Hon. William C. Edwards, President of the Company, give further information regarding this issue:—

"The properties of the Upper Fraser River (British Columbia) Lumber Company, Limited, are located on the banks of the Upper Fraser River, and streams tributary thereto, in the Province of British Columbia, and comprise a total area of about 281 square miles, or 179,840 acres, of timber lands of first rate quality."

"Each Timber Limit, approximately one square mile in extent, was separately selected by experienced timber cruisers, including the well-known timber expert, John Thomson, of Portage du Fort, Quebec (favorably known to Messrs. W. C. Edwards and Company, Limited, for many years as an experienced and reliable bush-ranger) with special reference to the quality of timber, the conformation of the land, and accessibility of rivers, and the new route of the Grand Trunk Pacific Railway."

"Mr. Charles M. Hays, President of the Grand Trunk Pacific Railway Company, has written that his company is prepared to enter into a contract for the purchase of ties and bridge materials as soon as the railroad reaches the limits owned by this Company, which, we are assured, will be in the summer of nineteen twelve, and this company proposes to use some of the working capital provided by the sale of the Bonds to at once equip for the delivery of this material to the Grand Trunk Pacific Railway. The favorable position of the limits as regards their proximity to the great and growing market of the North West Provinces assures a satisfactory future demand for the output of the Company."

"The Directors desire to emphasize the fact that Timber lands of the nature of the Company's properties have a constantly increasing value, and even if no operating at all were done the Company's properties are a sound investment from a holding point of view."

"The Timber on the Company's lands is made up laregly of Red Cedar, which is a very valuable feature, and the remainder is Spruce, Hemlock, Douglas Fir, and White Pine. The timber is of exceptionally good quality, being thrifty and uniform in size, and is expected to average 30 inches on the butt, and to cut from five to eight logs to the tree. The amount of merchantable saw lumber contained on the Company's property has been carefully and conservatively estimated at a total of 3,449,594,200 feet. No timber under 14 inches in diameter, on the stump, is included in this estimate."

"The Board of Directors is composed of practical and experienced men, who thoroughly understand the lumber business and the requirements of the various lumber markets of the world, and have the best facilities for obtaining profitable sales for the Company's timber."

"On the basis of the Bond issue of $1,500,000, and the quantity of timber hereinbefore stated of 3,449,594,200 feet (Board Measure) there is represented the low mortgage valuation of approximately 43 cents per 1,000 feet (Board Measure). The majority of companies who have recently offered their Bonds in this country have taken as their mortgage valuation from $1 to $3 per 1,000 feet of standing timber. It will, therefore, be appreciated that the Bonds are exceptionally well secured."

COMPLETE PROSPECTUS AND FURTHER INFORMATION MAY BE HAD BY APPLYING TO

G. W. FARRELL & CO., MONTREAL

(Members Montreal Stock Exchange.)

45 St. Francois Xavier Street, Montreal.

MAIL THIS BLANK TO G. W. FARRELL & CO., 45 St. Francois Xavier Street, Montreal.

I hereby subscribe for $.....of the FIRST MORTGAGE TWENTY YEAR SINKING FUND 6% GOLD BONDS of the UPPER FRASER RIVER (BRITISH COLUMBIA LUMBER COMPANY, LIMITED, (carrying a bonus of 25% of the Common Stock of the Company) payable as stated in the advertisement and I agree to sign regular subscription form. I herewith enclose check for $..... being first instalment of ten per cent.

Signed .....