Of the twelve principal coal companies the highest average annual dividend for the last six years is 10 per cent. (and that was returned to a company which for seventeen years—viz., 1880–97—paid no dividend at all) and the lowest zero. Of the twelve companies, two paid an average dividend of from 7½ to 10 per cent.; two paid an average dividend of from 5 to 7½ per cent.; four paid an average dividend of from 2½ to 5 per cent.; one paid below 2½ per cent.; three paid no dividend at all.

The weighted figures giving the ratio of all dividends paid to the sum of all the capitals involved are the most significant, and provide the best measure that the declared dividend rate can give of the profits made by the coal industry viewed as a whole and not in relation to any one company or group of companies. It is the dividend return which would be registered if all the capital in question were the property of one shareholder. *This weighted dividend ranged during the last six years for the principal collieries of the Dominion from 4·3 to 5·3 per cent., the rate for the whole period being 4·8.* The income actually derived by shareholders in general from the money invested by them in coal-mines may be said to have returned them directly from about 4½ to 5 per cent., if we allow for capital excluded from the inquiry—a rate that can be regarded only as extremely moderate in view of the ruling rates for pure interest alone during this period. It will be noticed how the very large capital of Company D, with its uniform and fairly high rate of return, influences the figure of the weighted average.

But, as stated previously in this chapter, it is necessary to go behind declared dividends on the capital in order to get an approximately just measure of profits. The gain to a company is the whole of its profits for the period, the excess of income over expenditure as shown in its profit and loss account in the balance-sheets; the rate of this gain is the ratio of the total gain to the total capital that has actually been paid in by shareholders. This latter sum, the capital with which shareholders had actually parted, may or may not be the same as the amount of "paid-up" capital, since subscription may or may not have been at par, and companies may issue their shares at a premium or give bonus stock.

The gain to the shareholder is not necessarily identical with the gain to the company, since the whole of a year's profit as set out in the annual balance-sheet is not distributed in dividends to shareholders, but only a certain part after providing for reserves and similar funds. Neither is the whole of the shareholder's profit identical with his dividend; every receipt and every expenditure of the shareholder arising out of his investment must be taken into account. In addition to dividends on the receipt side are such gains as come from the issue of new shares at preferential rates to existing shareholders, and, less clearly, any rise or fall in the market value of his shares. On the other side there are all losses of capital, whether complete or whenever the nominal value of capital is reduced. The ratio of the net gain thus calculated to the capital actually paid in will be the real rate of profit to the shareholder.

Table 77 gives an estimate of the rate of profits gained by the mining companies in New Zealand during the period 1913–18 in so far as it has been possible to calculate it from the data available to us. The companies' balance-sheets show the "authorized" capital and the "paid-up" capital in each case, but they do not state the actual "paid-in" capital, the calculation of which would involve a searching detailed inquiry into the whole financial history of each company. In some cases the amount actually paid in as working capital available to the companies would be greater than the present paid-up capital as shown in the balance-sheets, and in other cases less. It is not possible from the scanty data yet available to give any reasonable estimate of the change in the rate of profit by calculating it on "paid-in" rather than "paid-up" capital.

TABLE 77.—PROFITS OF MINING COMPANIES, 1913–18.

Company.	Average Annual Sum of Capital during Period.		Average Annual Total Profits.	Rates of Profit.	
	Nominal Paid-up, to nearest Pound. (1)	Actual Paid-in. (2)	Excess of Profits over Losses in Balances. (3)	Nominal. Ratio of Column 3 to Column 1 (per Cent.).	Actual. Ratio of Column 3 to Column 2 (per Cent.).
	£	£	£ s. d.		
A (six years)	41,886		1,818 9 0	4·34	
B "	76,819		5,027 15 2	6·54	
C "	177,851		10,990 2 1	6·18	
D "	441,667		42,835 13 6	9·7	
E (five years)	128,028		3,987 9 1	3·11	
F "	..	..	..	..	..
G "	11,255		916 12 2*	8·14*	
H (four years, 1914–17)	192,694		2,075 0 10	1·08	
I (three years, 1916–18)	50,000		7,514 19 9	15·03	
J† " "	65,435 (debentures)		452 16 10	0·69	
K	28,330		5,201 19 6*	18·36*	
Total	1,290,784		65,583 14 7	5·1	

* Loss. † In liquidation.

The average annual returns of the companies over the period 1913–18 therefore range downwards from 15·03 per cent. on their paid-up capital to a loss of 18·36 per cent. This includes all profits, including those not distributed to the shareholders. *The average, weighted according to the capital*