

PROSPECTUS

GUTHRIE AND LARNACH'S NEW ZEALAND TIMBER AND WOOD- WARE FACTORIES (LIMITED).

CAPITAL: £250,000.

In 50,000 Shares of £5 each.

Deposit, payable on application, 10s. per Share. Allotment Call, 10s. per Share. After which it is proposed to call up £2 per Share, in sums of 10s. each Call, at intervals of not less than three months, thus extending the total payments over a period of one year from date of allotment.

20,000 Shares, fully paid up, are retained by Messrs. Guthrie and Larnach (4000 being allotted for the Goodwill of the Business and preliminary expense of floating the Company, and the remaining £16,000 Shares being fully paid up by them in cash.) The remaining 30,000 Shares are offered to the public—20,000 in New Zealand, and 10,000 reserved for the English and Australian markets, a number of which have already been bespoken from each of those places.

PROVISIONAL DIRECTORS.

A. C. Strode, Esq., Dunedin.
Alexander Burt, Esq., of Messrs A. and T. Burt, Dunedin.
James Robin, Esq., Carriage Manufacturer, Dunedin.
Robert Sparrow, Esq., Dunedin Iron Works, Dunedin.
Basil Sievwright, Esq., Solicitor, Dunedin.
The Hon. Captain Fraser, M.L.C., Dunedin.

William Moodie, Esq., Manager New Zealand Meat Preserving Company, Kakanui.
Robert Haworth, Esq., of Messrs. R. and T. Haworth, Merchants, Dunedin.

A. S. Gibbs, Esq., of Messrs. Gibbs and Clayton, Merchants, Dunedin.

John Reid, Esq., Merchant, Auckland.

VALUATORS AND AUDITORS.
A. W. Morris, Esq., C. H. Street, Esq., and Edmund Smith, Esq.

VALUATORS FOR VESSELS.
Captain Thomson, Harbour-master.
Andrew McKinnon, Esq., Shipbuilder, Mayor of Port Chalmers.

Keith Ramsay, Esq., Shipowner, Dunedin.

SOLICITORS.
Messrs. Sievwright and Stout.

BANKERS.
The Bank of New Zealand and Branches.

BROKERS.
Messrs. Connell and Moodie, Princes-street, Dunedin.

J. B. Bradshaw, Esq., Princes-street, Dunedin.

— — —
This Company is projected for the purpose of purchasing and thereafter carrying on Messrs. Guthrie and Larnach's well-known Woodware Factories, and their extensive importing Timber and Iron Business.

An agreement has been entered into with Messrs. Guthrie and Larnach to sell to the Company their new Factories, together with all their other buildings, with the entire machinery, plant, and stock of every description, at the actual net cost, all as certified by Messrs. A. W. Morris, C. H. Street, and Edmund Smith, after a careful examination of the firm's books and vouchers; and also their magnificent fleet of coasting vessels, all at the present actual value, as certified by Captain Thompson, Harbour-master; A. McKinnon, Esq., Shipbuilder, Mayor of Port Chalmers; and Keith Ramsay, Esq., Shipowner, Dunedin; the new Company taking over all current agreements and uncompleted orders or contracts. (For the purpose of these and all other valuations, the gentlemen named have been appointed by mutual agreement between Messrs. Guthrie and Larnach and the Provisional Directors.) It has also been arranged that the new Company shall take over the entire debts due to the firm, secured and unsecured, at par, but shall be entitled to receive on all unsecured debts interest at the rate of eight per cent. per annum from the day when stock is taken up to the date of actual payment, and in addition a commission for collecting of 2½ per cent., Messrs. Guthrie and Larnach guaranteeing the entire amount of the unsecured debts to the Company.

The prudence of this arrangement will at once be apparent when it is remembered that

the Company thus keeps in its own hands the entire connection of the retiring Firm, and thus prevents its customers from being subjected to a possible outside pressure; receiving, moreover, a commission for the collection of debts which its own staff of officers will be able to overtake in the usual course of business, without cost to the Company.

The whole of the freehold and leasehold lands held by the firm to be taken at present market value, as certified to by Messrs. A. W. Morris, C. H. Street, and Edmund Smith.

Four thousand of the Company's shares fully paid up have been agreed to be allotted to Messrs. Guthrie and Larnach as consideration for the goodwill of their very remunerative business, they undertaking themselves to pay all preliminary expenses (including brokerage, advertising, &c., &c.), in connection with the floating of the Company. Stock will be taken as on the day the Company enters into possession, and the debts due to the firm will be taken over as from the same date.

The timber business is most extensive, and may fairly be said to be the largest in the Australasian Colonies. In connection with this branch of the business there are several bush mills, and a large fleet of coasting vessels, employed regularly in carrying supplies for the requirements of the factories as well as open markets.

The import, iron, and hardware business of the firm is also very extensive. These several branches at present represent a most valuable and important part of the Firm's trade, and the promoters feel confident that they can be most safely and profitably extended.

In the New Zealand Woodware Factories there are four distinct departments, viz.:—

1st. Sawing, planing, and moulding factory.

2nd. Door and sash factory.

3rd. Tub and bucket factory.

4th. Furniture and turnery factory.

The trade of each of these is capable of great and profitable extension, and as an evidence of the great outlet for the products of these works, Messrs. Guthrie and Larnach have been compelled to run the machinery overtime, on an average two nights per week, since the opening of the new factories.

The whole of the extensive factories and stores (specially designed by David Ross, Esq., architect, of this city) are substantially built of brick and cement, on solid bluestone and concrete foundations (all timbers being of the best and most durable descriptions), covering an area, including the timber yards, of several acres of valuable land in the chief streets of the city.

The whole of the splendid modern machinery was designed and planned by an eminent engineering firm in Glasgow, under Mr. Guthrie's immediate supervision while in Britain, and after a very careful inspection of the principal woodware factories in America, Britain, and on the Continent. Each machine has been firmly placed on a solid bed of concrete where necessary, to prevent the possibility of vibration, and to avoid wear and tear.

The contract for the purchase of machinery was entered into when materials and labor in Scotland were at their lowest.

The important advantages to shareholders in a joint stock company of entering into possession of a large manufacturing and importing business in full operation on a fixed date, with a thoroughly trained staff of officers and men, and a large mercantile connection, without having to wait for the erection of buildings, importation of plant, stock, &c., or being subjected to any of the risks and delays incidental to the starting of a new business, and with all preliminary expenses paid, should be at once apparent to investors.

The following special advantages are worthy of notice:—

1st. The whole of the machinery in the Factories is driven by one pair of powerful engines, worked by two men, an engineer and fireman, whose wages may fairly be said to constitute the whole expenses in connection with the motive power, as the only fuel required to keep up steam is the sawdust and shavings drawn from the different factories as soon as made, by means of pneumatic tubes, and deposited in a large brick safe, ready for consumption alongside the boilers. By this means all rubbish is utilised and made a source of profit, and the cost of labor reduced to a minimum.

2nd. The four Factories being worked under one roof, a great saving is consequently effected, not only in the motive power, but also in the management, as the whole can be superintended and controlled by one manager.

3rd. The Tub and Bucket Factory, now in full operation, has a monopoly of the supply of these indispensable articles, there being no other Tub and Bucket Factory in the Australian Colonies. A large return may therefore be looked for to the credit of this branch of the business.

4th. The whole of the Factories, especially the Furniture Factory, being worked in connection with the general timber business, is carried on most profitably, not only from the fact of the first cost of the timber being procured at the cheapest possible rate, but also that large quantities of short cuttings of timber, which would otherwise either be sold as job lots at a low price, or sent to the furnace to be consumed as fuel, are utilised.

The Union Sash and Door Company in Auckland is of a similar character to the New Zealand Woodware Factories, only being much less extensive. It is, however, a very fair criterion to base calculations upon, as to what may be expected from the New Zealand Woodware Factories. The Company referred to has only been in active operation for a little over four years, and has paid annual dividends of 20 per cent., besides carrying large amounts to Reserve Fund; so that in addition to the very handsome yearly dividends, the original £5 Shares of the Company are now quoted at £7 10s, and a new issue allotted to shareholders, on which £2 10s has been paid up solely out of Reserve Fund, are quoted at £3 10s, making the present total market value of the original shares £11, or a premium of 120 per cent.

In connection with this, it is a fact that the profits shown to have been made in Messrs. Guthrie and Larnach's business for the same period considerably exceed that made by the Union Company in proportion to the capital invested; so that the promoters have good reasons for believing that not only will large dividends be paid regularly by the Company, but that its stock will at once become a much-sought-after and favourite investment.

Mr. Guthrie has consented to be fully identified with the business for a number of years as managing director. Mr. Guthrie's practical skill and long experience in the trade are well known; the high position to which the firm has attained under his management indicates the measure of prosperity which may reasonably be expected in the future; and as a proof of Mr. Guthrie's and his partner's faith in the future prospects of the concern, they are willing to hold one-fifth each, or equal to two-fifths of the entire capital, on their own private account, purchased in fully paid up shares. And as a further proof of their confidence in the future prospects of the Company, they have decided to guarantee that the Company's net profits for the first three years shall not be less than ten per cent. per annum on the actual capital for the time being employed in the business, or equal to a sum of about £57,000 to be paid to the shareholders within three years. They expect and believe that the profits will considerably exceed this rate, but investors will by this means know the rate of their *minimum* profits.

By way of further securing the observance of the guarantee, the firm have agreed to deposit, with the Directors of the Company, scrip of the Company during the first year of the value of £50,000; during the second year of £40,000; and during the third year of £25,000; and to execute a legal charge upon the same in favor of the Company.

Intending shareholders may therefore rest assured that no more legitimate or remunerative outlet for capital, or one presenting better or more extensive future prospects, has ever been offered in New Zealand.

The reasons which have induced Messrs. Guthrie and Larnach to take this step are:—

1st. That their term of partnership expires by effluxion of time in the course of a few months, when it is the intention of one of the partners to retire from active business.

2nd. That the plant, machinery, and general appliances of the firm are now of a character which opens up a largely extended and extremely profitable trade, which, however, calls for the employment of an extended capital.