

THE MERCHANTS BANK OF CANADA

Statement of Liabilities and Assets at 29th April, 1916

LIABILITIES.

1. To the Shareholders.

Capital Stock paid in	\$ 7,000,000.00
Rest or Reserve Fund	7,000,000.00
Dividends declared and unpaid	175,542.50
Balance of Profits as per Profit and Loss Account submitted herewith	250,984.12
	<u>\$14,426,526.62</u>

2. To the Public.

Notes of the Bank in Circulation	\$ 7,486,906.00
Deposits not bearing interest	17,181,959.18
Deposits bearing interest (including interest accrued to date of statement)	54,995,069.97
Balances due to other Banks in Canada	363,799.39
Balances due to Banks and banking correspondents in the United Kingdom and foreign countries	877,399.91
Bills payable	1,029,702.00
Acceptances under letters of credit
Liabilities not included in the foregoing
	<u>\$96,361,363.07</u>

ASSETS.

Current Coin held	\$ 3,681,854.13
Deposit in the Central Gold Reserves	1,000,000.00
Dominion Notes held	8,106,240.25
Notes of other Banks	702,006.00
Cheques on other Banks	2,754,968.88
Balances due by other Banks in Canada	2,836.92
Balances due by Banks and banking correspondents in the United Kingdom	207,226.65
Balances due by Banks and banking correspondents elsewhere than in Canada and the United Kingdom. (In U.S., \$3,839,597.24)	3,892,026.83
Dominion and Provincial Government securities, not exceeding market value	2,480,446.72
Canadian Municipal securities, and British, Foreign and Colonial public securities, other than Canadian	5,251,321.38
Railway and other Bonds, Debentures and stocks, not exceeding market value	5,055,106.27
Call Loans in Canada on Bonds, Debentures and Stocks	5,175,048.49
Call Loans elsewhere than in Canada	2,651,404.32
	<u>\$40,960,486.84</u>
Other Current Loans and Discounts in Canada (less Rebate of Interest)	48,835,565.38
Other Current Loans and Discounts elsewhere than in Canada (less Rebate of Interest)	203,125.72
Liabilities of Customers under letters of credit as per contra	1,029,702.00
Real Estate other than bank premises	177,186.29
Overdue debts (estimated loss provided for)	164,363.18
Bank premises, at not more than cost, less amounts written off	4,507,782.34
Deposit with the Minister for the purposes of the Circulation Fund	345,000.00
Other Assets not included in the foregoing	138,151.32
	<u>\$96,361,363.07</u>

K. W. BLACKWELL,
Vice-President.

E. F. HEBDEN,
General Manager.

Report of the Auditors to the Shareholders of The Merchants Bank of Canada.

In accordance with the provisions of sub-Sections 19 and 20 of Section 56 of the Bank Act we report to the shareholders as follows:—

We have examined the above Balance Sheet with the Books of Account and other records of the Bank at the Chief Office and with the signed returns from the Branches and Agencies.

We have checked the cash and verified the securities of the Bank at the Chief Office against the entries in regard thereto in the Books of the Bank as on April 29th, 1916, and at a different time during the year and found them to agree with such entries. We have also attended at some of the Branches during the year and checked the cash and verified the securities held at the dates of our attendance and found them to agree with the entries in the books of the Bank with regard thereto.

We have obtained all the information and explanations we have required. In our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank, and the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the books of the Bank.

VIVIAN HARCOURT,
of Deloitte, Plender, Griffiths & Co. } Auditors.
J. REID HYDE,
of Macintosh & Hyde.

Montreal, 23rd May, 1916.

great, raw-boned, Cornish giant, who was ambushed there, lowering from its futile aim the old muzzle-loader which had missed fire because the archaic percussion cap on the nipple had got damp in the rain.

CHAPTER III.

The Man from the Sea.

AFTER the departure of Wilson Polgleaze, Hilda went back to the window, and once more gazed out over the waste of waters. She had not been long at her post when, with a sudden shift of the wind to the north-west, the sky cleared. The gale continued from the new quarter, but the rain ceased, and her range of vision was extended to the horizon. With a little cry she seized her glasses and focussed them on a tramp steamer of about two thousand tons that was threshing her way up channel against the heavy sea.

"Yes, that is the 'Lodestar,'" she murmured. "I can make out the white diamond on her funnel, and there is no mistaking the rake of her foremast. She will be in Falmouth harbour by six. Lance will be home again tomorrow at least—if he doesn't manage to get out here to-night."

She watched the steamer until it passed out of sight round Manacle Point, and then sought the stone-flagged kitchen where Martha Pascoe was busy polishing saucepans. Martha was the sole indoor servant in this house of fallen fortunes. Her husband, Timothy, an amphibious, shaggy creature, equally at home in a boat or in a vegetable garden, acted as factotum outside. The worthy couple, a legacy from more prosperous days, would have gone through fire and water for their young mistress. As a matter of fact, they had done so, very nearly literally, both of them.

"Martha dear," said the girl, breaking in on the homely employment, "she has gone by. She'll be in port to-night."

There was only one "She" at St. Runan's Tower requiring no qualifying description, namely, the stout tramp steamer owned by Jacob Polgleaze, of Falmouth, and commanded by Captain Lance Pengarvan. The good woman laid aside her saucepan, and rose with cheerful alacrity.

"All right, Miss," she said, in her cooing, west-country accent. "The Captain's room is nice and vitty for 'un—sheets aired and all, but I'll just run up and light a bit fire in case he reaches home to sleep under the old roof. 'Tain't likely, with 'The Lodestar' to put to bed for a month, but he'll be out to us if duty don't keep 'un."

She bustled out, and Hilda, following more slowly, was crossing the raftered entrance hall, when the front door was opened, and a sturdy, elderly lady in a dripping water-proof was swept over the threshold by a gust of the now off-shore gale. She thrust a heavy oak cudgel into the umbrella stand, and cast a shrewd glance at Hilda's radiant face.

"I can see that the ship has passed," she said, divesting herself of her outer garment. "Your face is an open book, dear."

"Yes, I caught sight of her when it cleared; Martha is lighting a fire in Lance's room on the chance of his coming out to-night."

"And if he does right glad two lone women will be to see him," rejoined the elder lady, kissing the eager face that was changed out of all recognition from that of the nice maiden who had rejected Mr. Wilson Polgleaze's addresses an hour earlier.

Mrs. Pengarvan, a first cousin of the last spendthrift Carlvon, and a more distant one of Hilda's father, had been a second mother to the motherless girl whom she had brought up from infancy. A blunt, outspoken Cornish-woman, she had never made any secret about it that when she first came to St. Runan's Tower a home was an object to her, but that condition was now happily passed, though she still kept up the pretence of being a poor relation. Old Jacob Polgleaze of Falmouth did not pay princely sums to the commanders of his scratch fleet, but since Lance Pen-



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