

Under the heading, "current liabilities," there is shown a debit of \$2,191,270, against which there are liquid assets, already noted, of \$5,212,088. The debit at the end of the year was unusually large owing to the investment of more than \$3,000,000 in material and supplies for work in progress and for sale, as well as for expenditures during the year on new buildings and machinery. This liability has since been reduced, and as the volume of business under present trade conditions is lessening, there will be a proportionate diminution of the inventory of materials. In consequence, the demand for borrowed capital will be less.

Since 1900 a sum of \$1,161,504 has been written off for depreciation. A surplus of undivided profits and premiums on stock issues is carried forward amounting to \$1,763,669, and there is a balance at the credit of profit and loss of \$73,906. Excluding payment of interest on borrowed capital, these items total \$5,477,549. The directors have reason to be proud of this showing, which is a most creditable one, especially as all experimental and development work has been charged to operating expenses.

CANADIAN BANKING PRACTICE.

By H. M. P. Eckardt.

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The inspector always makes the cash the object of his first investigation. If he arrives before the books and cash are balanced, he takes possession of the teller's box as soon as the latter has balanced. If the cash is already balanced, he goes into the box at once. And if the money is all away in the safe and the time-lock set for the next morning, the inspector puts his seal on the safe, or on the vault, so that none can enter without his knowledge. In short, he takes whatever precautions seem to him necessary to prevent a hasty fixing or covering up of such shortage or irregularity as may exist.

In connection with this subject of inspecting the cash it should be said that ordinarily the rules of the bank provide for at least two full examinations of the cash by the manager during each month. One of them is on a fixed date or occasion, the end of the month; the other is left to the manager's choice. He aims to make a surprise party to the teller, appearing at the teller's cage some evening after the balance is struck and demanding admission for the purpose of counting the cash. So the teller never knows for certain what day his cash will be examined. Any day during the month the manager may inspect him, and any day in the year the inspector may arrive.

Balance Sheet Must be Produced.

To form the basis of his examination, the inspector immediately calls for a balance sheet. So the books have to be closed and all the closing entries commonly made on balance days have to be put through, even if only one day has elapsed since the last previous balance day. Although he requires the balance sheet for his basis, the inspector does not wait for its completion, but proceeds to examine the cash. If he has an assistant, the assistant will take the teller's cash, and the inspector himself the treasury cash. If he is alone, he puts a seal on the treasury and begins to examine the teller's cash. The teller should remain present in the box all the time of the examination. He is responsible for his balance, and nobody, not even an inspector, must be given the opportunity to take anything without the teller's knowledge. The inspector takes the balance book and checks off all the specifications. He takes nothing for granted, splits open the paper cartridges of silver, to see that no fraud is concealed; and, when he has examined everything, and found that the sum claimed to be there is actually there, and that the balance agrees with the cash book, he seals up the deposits to go out to the other banks in town next morning, and encloses a letter requesting the other banks' officers to advise him (the inspector) if any of the cheques included in the deposit are dishonored.

When the teller's cash is counted, the inspector examines the treasury cash; and from that he proceeds to all the other items of the securities. He continues until he has satisfied himself that every item on both sides of the balance sheet is correct.

The examination of the loans and discounts is especially thorough. An officer is set to work to make a complete statement from the discount diary of every bill discounted, arranged in order of maturity. The sheets on which the record is made are added; the totals must agree with the balance of loans, trade bills, or other class of bills as shown in the balance sheet. The sheets are handed to the inspector, duly balanced. On receiving them he instructs his assistant, if he has one, to check the additions; if he has no assistant, he checks them himself. Then he takes the sheets and checks off with the record every bill in the bill-case, carefully scrutinizing the signatures and other details of each bill. If anything strikes him as peculiar or unusual he asks explanations of the manager, or sends notices to the parties concerned.

He is careful to see that all bills are properly drawn, and that the bank has a clear title to them. This examination takes a long time at all branches where the discount business is heavy. Until the examination is completed the inspector keeps all the bills in his possession to prevent any possible substitution of securities. When he has checked off every item on the sheets there will remain the remitted bills, which he cannot examine because they are held by the bank's correspondents in various towns and cities.

SITUATION IN THE WHEAT MARKET.

Chicago Forces a Decline in Prices—Anticipations for a Rise in Flour.

(From Our Own Correspondent.)

Winnipeg, April 14th, 1908.

During the past week the wheat markets have been erratic, with a tendency to lower prices, and for the first time since the New Year, No. 1, 2 and 3 northern cash wheat sold at \$1.01, 98 and 93c. respectively. The decline in prices was principally due to large operators in Chicago forcing the market down, combined with excellent weather in the winter wheat belt, splendid seeding prospects in the North-West and a certainty of a large increase in acreage, together with a belief that the new crop will come in before there is a serious falling off in Argentine shipments. The outcome of the situation is very problematical, but if high prices should rule this is naturally the time of year when they are of the most importance. With a short crop last year and the coming crop not assured, and with a small surplus being carried by millers, everything points to an erratic situation in the wheat market.

While visible stocks in Canada are only half a million less than those of last year, there was then 7½ million bushels of milling wheat in Fort William against 3½ millions this year. It is the general opinion of the grain men that farmers have disposed of practically all their good wheat, and that receipts will now decline very rapidly.

It is believed by some traders that the flour market, which has been exceedingly dull during the past six weeks, will revive should wheat prices have an upward tendency. Bakers and flour dealers are not heavily stocked, while the mills are; and as the amount of milling wheat in both the States and Canada is extremely small, general anticipations are that prices will be forced up to create a better demand for flour, such as occurred this time last year. The market has zig-zagged from \$1.04½ down to \$1.01 and up again to \$1.03 on Saturday, closing 1c. lower to-day. The recent liquidation has been the most severe blow the bulls have had on the present crop, yet some take it as a good sign that the wheat has fallen into strong hands who will be able to carry it whichever way it goes, ultimately ending in a sharp advance over present prices.

Navigation will open during the present week, and the heavy stocks at Canadian ports will diminish, helping to hold the home situation much stronger. The chief factors which are against a rise are the heavy shipments from the Argentine, a continuance of favourable weather over the winter wheat belt, along with excellent prospects throughout the North-West. It is possible but very improbable that these may continue, yet we should go through the month of May without a bad crop scare.