

PROFIT AND LOSS ACCOUNT.

Statement of the result of the business of the Bank for the year ending 29th September, 1917:—

Balance at Credit of Profit and Loss Account, 30th September, 1916	\$127,619.71
Net profits for the year after deducting expenses of management, reservation for interest accrued on deposits, exchange, and provision for bad and doubtful debts	615,514.94
	<u>\$743,134.65</u>

This has been appropriated as follows:—

145th Dividend at rate of 11 per cent.	\$110,000.00
146th do. do. 11 do.	110,000.00
147th do. do. 11 do.	110,000.00
148th do. do. 11 do.	110,000.00
Contribution to Officers' Pension Fund	21,308.25
Patriotic and Relief Funds	15,000.00
War Tax on circulation	40,000.00
Reserve for depreciation of Bonds	75,000.00
	<u>\$591,308.25</u>
Leaving at credit of Profit and Loss Account, 29th September, 1917	\$151,826.40
	<u>\$743,134.65</u>

WM. MOLSON MACPHERSON, EDWARD C. PRATT,
President. General Manager.

AUDITORS' REPORT.

We have checked and verified the Cash, Investments, and Securities of The Molsons Bank at the Chief Office in Montreal on 29th September last, and also at another time as required by the Bank Act, and we have at different times during the year checked and verified the Cash and Securities held at other important Branches of the Bank.

We have compared the Certified Returns from all the Branches with the entries in the Books at the Chief Office of the Bank as at 29th September, 1917, and find that they agree therewith; and all the transactions which have come under our notice have been, in our opinion, within the powers of the Bank.

We have obtained all the information and explanations we have required, and we certify that in our opinion the above Statement is so drawn up as to exhibit a true and correct view of the Bank's affairs at the close of business on 29th September, 1917, according to the best of our information and the explanations given to us, and as shown by the Books of the Bank.

(Signed) GEORGE CREAK, C.A.,
LEMUEL CUSHING, C.A.,
CHAS. A. HODGSON, C.A.

20th October, 1917.

PRESIDENT'S ADDRESS.

The President, Mr. William Molson Macpherson, then presented his Annual Address, as follows:—

The Sixty-second Annual Statement of The Molsons Bank now submitted to you is the fourth since the commencement of the war. When we last met we hoped that before another meeting peace would be restored, but the war still rages as fiercely as ever. During the year the entrance of the United States into it has more than counterbalanced the disappointing conditions in Russia and has made us more confident than ever as to the final result, notwithstanding the discouraging news from Italy in the last few days.

At the time of our last meeting the Government had just issued the second war loan of \$100,000,000, and had received payment of the first instalment. Since then the Canadian people have paid for this loan and have taken a third one of \$150,000,000. They will doubtless subscribe freely for the new loan, which the Government is now preparing to issue. We strongly recommend everyone to invest all they can spare and all they can save in these domestic loans. It is one of the greatest helps they can give the country in war time. By subscribing liberally to the present Victory Loan, we prove how sincerely our hearts are in sympathy with our fine fel-

lows who have won such noble reputations and renown, and are fighting for honor and civilization.

The banks have at all times gladly assisted the Government, and I am sure it is the desire of their shareholders that they shall still continue to do all in their power towards financing the war, but it is much better for the country that the Government loans should be taken by the general public instead of by the banks. This avoids inflation and allows the banks to use their resources in forwarding the business interests of the country.

Part of the expenses of the war is covered by taxation, but much the greater part must be borrowed, and the Government must provide taxation to meet the ordinary expenses of the country, the interest on the debt and part of the war expenses. It is only in this way that the present high credit of the Dominion can be maintained, and it is gratifying to know that the Government fully recognize their responsibilities and have imposed an income tax which we believe will provide the necessary revenue for this year.

The present business prosperity has, of course, been principally caused by the large expenditures by the Government for munitions and food supplies in connection with the war and by the continued rise in prices and wages, but this prosperity depends to such a large extent upon war conditions that there is bound to be a change when peace comes, and it is the duty of all business men to prepare for such a change by conserving the profits they are now enjoying, by avoiding capital expenditure and keeping their resources in such a condition that they can weather a few stormy years should they come. It is also the duty of the wage earner, who is receiving more than ever before, to provide for the future by saving some of his earnings. The banks will be glad to help any of their Savings Bank customers to purchase war bonds, extending payments over a year.

Our pulp and paper industries have been working to their full capacity during the year and at very satisfactory prices. The lumbermen have also had a prosperous year, though hampered somewhat by scarcity of labor and by the difficulty in getting cars from the railways. The farmers, however, are the mainstay of this country, and during the year have enjoyed the highest prices for everything they have produced: butter, cheese, cattle, grain, etc. Another good harvest of excellent quality is an inestimable boon to our Western Provinces. We cannot tell what the course of prices may be when the war is over, but there is undoubtedly a shortage of foodstuff at present and it will take some years after peace is declared before the supply equals the demand, therefore reasonably high prices for such products may be expected to continue for a considerable time at any rate, and they should be a strong influence in attracting immigrants to the vast number of acres in this country at present uncultivated.

Deposits in the chartered banks in Canada have increased \$147,000,000, and, at the end of September, 1917, were \$1,417,143,000. At the same time the circulation of the banks increased by \$42,304,000, and now stands at about \$177,590,000. During the same period the commercial loans showed an increase of \$102,761,000, and the total loans, including call loans in Canada and those to Dominion and Provincial Governments, show an increase of \$86,332,000.

Bank clearings also show an increase, caused to some extent by the higher prices for everything and by large Government disbursements.

Commercial Agency reports of failures in Canada for the nine months ending 30th September last, show a decrease of 39 per cent. from the corresponding period of 1916, and 57 per cent. below those of 1915, while the liabilities total \$10,458,493, a decrease of 13 per cent. from last year, and of 56 per cent. from the year before.

Your General Manager and I have visited Quebec, Ontario and our Western Provinces during the year, and are pleased to report continued prosperity in all branches of business, especially in agriculture.

I personally travelled through Manitoba, Alberta, Saskatchewan, and parts of British Columbia, over the Grand Trunk Pacific Railway. I was immensely impressed with the development of the country since my last visit, the excellent farms, and the increased quantity of live stock through the country. The season for harvesting was good, so that the farmers have marketed their crop in excellent condition. Owing to the open season there has been an immense amount of new land broken for wheat growing, which should show a great increase in the 1918 crop.

The exportable surplus of the wheat crop of 1917 in our Western Provinces will aggregate in value about \$350,000,000,