

REPORT OF THE DIRECTORS

OF THE

Canada Permanent Building and Savings' Society,

FOR THE YEAR ENDING JANUARY 31st, 1859.

The lapse of another financial year calls on the Directors to lay before the Members of the Society the state of the Accounts and a Report of the transactions of the Institution for the past year, all of which will be found to exhibit evidence of continued prosperity, as indicated by an important increase of revenue in each of the divisions of the business, and a satisfactory augmentation in the general Profits. In inviting the attentive consideration of the shareholders to the following Statements, the Board desires that it should be borne in mind that the progress therein to be observed has been accomplished under adverse circumstances, in a time distinguished by an extreme scarcity of money, deficient harvest, and general depression of business, and therefore more fully establishes the fact of the large amount of confidence accorded to this Institution.

The Income of the Society from Members has advanced from \$9,200 per month to \$11,700 per month since the date of last Report, and the number of Members exhibits an increase from 359 to 502.

In the number of Shares held, an increase of more than twenty-five per cent. has been made during the same period. The number of Shares subsisting on the 1st February, 1858, was 1,523; since that time 601½ new shares have been taken up, being 10½ more than was subscribed for in the previous year. 196½ shares have been cancelled, (146 having been purchased by the Society from members who desired to withdraw, 25½ having matured, 6 having been forfeited, and 19½ redeemed,) the net increase for the year amounting to 404½ as compared with 325½ in the previous year. During the year 284½ shares, amounting to \$113,700, were advanced on the security of Real Estate to members. The total number of shares now existing is 1927½, of which 757½, amounting to \$302,700 have been advanced and 1,170½ remain unadvanced, representing a Subscribed Capital of \$468,100; of the latter, 182½ having been paid in full.

It will be observed that the number of unadvanced shares withdrawn is 99 less than in the previous year, which affords pleasing evidence that the monetary pressure has not been felt by members to the same extent as before, while it sufficiently accounts for the small diminution in the rate per cent. of Profit realized. Early in the year the Board determined to increase 1 per cent. per annum the rate of interest paid to members withdrawing, the rate paid for shares three years old and upwards for some time past having been 9 per cent. per annum compounded half-yearly, a rate which the Board doubts not may shortly be increased with safety. As compared with income the amount of arrears has somewhat increased, being now about equal to two months' income instead of six weeks, as last year, a difference however not remarkable, considering the difficulties of the period in which it occurred. It has been the constant endeavour of the Board to reduce the arrears as much as possible, and if blessed with an average crop next harvest, and a consequent partial return of prosperity, the Board sees no reason to apprehend any serious comparative enlargement of the amount now due.

In the Deposit Branch the business of the year exhibits an increase of more than 40 per cent., and adhering to their former custom the Directors have proportionately augmented the convertible securities.

The Board has always felt, that whenever there was the remotest reason to anticipate any depreciation or loss on any of the Society's Assets, even if not positively ascertained, ample provision should be made to meet any such contingency whenever it might arise. In their last Report, therefore, a considerable discount was estimated in the value of the Bank Stock held, although no actual loss had taken place, and a considerable discount was estimated in the value. Following the same plan in the present year, and foreseeing the possibility of loss on some of the Society's Real Estate Securities, full deductions have been made from the realized profits, and the gain shown in the statement is what remains for distribution after reserving the sum of \$5,271 as the nucleus of a Contingent Fund, as contemplated by the Rules. It may be advisable also to direct attention to the facts, that the full average Interest is reserved on the Society's Mortgages, thereby securing to future years the same return from them as hitherto, and also that the sums paid in as Entrance and Management Fees are credited to Members as part of the Invested Capital, and the rate per cent. of profit is estimated on this increased amount.

In all these and other particulars, the Directors believe that they are taking more than usual precautions to guard against an over-estimate of profits, and to exhibit to Members the true state of their Investments in the Society; and although as compared with Associations which take a different course, it apparently rather underrates the actual position of this Institution, the Directors feel confident that the system they have adopted will eventually be found the most satisfactory, and that each succeeding year will furnish fresh evidence that the confidence reposed in this establishment by the public is deserved.

As the time approaches when the shares in the earlier classes will mature and be paid off, it becomes more and more apparent, that even without predicating on a continuance of the high rates of profit hitherto maintained, there will be a considerable surplus to be divided over the nominal amount of the share, thereby fully satisfying the reasonable expectations of the shareholders.

The Board would earnestly point to the great advantage which would accrue, were the Members generally to evince a more hearty co-operation in extending the business and sphere of usefulness of the Society, by calling attention to