

in the savings' bank deposits of \$22,065.15, in Canadian debentures of \$80,500, and in sterling debentures of \$176,781.67, making a total increase to the working capital of \$281,346.82.

In accordance with the invariable custom of the company, all expenses connected with the issuing of debentures have been paid out of the profits of the year.

During the latter part of the year better rates of interest have prevailed, the demand for money has continued good, and the funds of the company are well invested. The net cash value of the securities held by the company at the close of the year amounted to \$3,417,911.89, being an increase since the corresponding period of last year of \$114,231.06.

The sum of \$50,000, invested by your directors in 1885 in Dominion Government inscribed stock, has, during the past year, been increased \$10,000, making \$60,000 at par value in all; this is at any time readily convertible.

The value of the real estate held by the company, other than the office premises, is \$20,269.89. This sum includes all properties remaining unsold, which have come into possession of the company by foreclosure, failure to obtain purchasers under power of sale, or otherwise.

The net losses for the year have amounted to \$1,650.62, a very small sum when compared with the total investments of the company. The system of inspection, by the company's own inspectors, of securities offered to the company, has been continued.

There are no loans on the stock of the company, and the provision under by-law No. 34, which declares "that no director or officer of the company shall become a borrower from its funds," has at all times been strictly carried out.

Your directors desire to bear testimony to the very efficient manner in which the manager and the other officers of the company have discharged their respective duties.

All which is respectfully submitted.

W. P. R. STREET,
President.

London, Ont., 30th January, 1888.

PROFIT AND LOSS STATEMENT FOR YEAR ENDING 31ST DECEMBER, 1887.

Dr.	
To Dividend No. 46	
(4%).....	\$49,500 00
" Dividend No. 47	
(4%).....	49,500 00
" Income Tax	2,501 00
	<u>\$101,501 00</u>
" Int. on Deposits ..	\$42,756 17
" " Sterling De-	
bentures	22,263 59
" Int. on Canadian	
Debentures	5,040 00
" Int. accrued but not	
due	13,052 21
	<u>83,111 97</u>
" General Expense	
Account	\$12,724 27
" Other Expenses, in-	
cluding Directors'	
Fees, Solicitors'	
Fees, Municipal	
Taxes, &c.	4,093 34
" Valuator's Commis-	
sions	4,206 69
" Land Inspection (in-	
cluding Inspector's	
salary)	2,206 32
" Expenses in connec-	
tion with and Com-	
mission paid on	
Sterling debentures	3,021 00
	<u>26,251 62</u>
" Losses on Real Es-	
tate	\$1,959 12
Less recovered	308 50
	<u>1,650 62</u>
" Transferred to Re-	
serve Fund	20,000 00
" Balance carried for-	
ward	122 06
	<u>\$232,637 27</u>
Cr.	
By Balance brought forward	\$ 371 28
" Interest earned	231,790 99
" Rents collected	475 00
	<u>\$232,637 27</u>

STATEMENT OF LIABILITIES AND ASSETS AS AT 31ST DECEMBER, 1887.

Dr.	
Liabilities to the Public:—	
To Deposits	\$1,095,621 31

" Sterling Deben-	
tures	730,730 00
" Canadian De-	
bentures	282,500 00
" Int. accrued, but	
not due	13,052 21
	<u>\$2,121,903 52</u>

To the Shareholders:—

To Capital Stock	
paid up	\$1,100,000 00
" Reserve Fund; ..	437,000 00
" Forty-seventh di-	
vidend due 2nd	
January, 1888	49,500 00
" Balance	122 06
	<u>1,586,622 06</u>

\$3,708,525 58

Cr.	
By Cash Value of	
Securities	\$3,439,166 00
Less amount re-	
tained to pay	
prior mortgages	21,254 11
	<u>\$3,417,911 89</u>

" Gov't Inscribed	
Stock and ac-	
crued Interest	61,677 30
" Real Estate on	
Hand	20,269 89
" Office Premises	19,000 00

" CASH:	
Banks in Can-	
ada	\$ 116,265 90
Bank of Scot-	
land, London..	65,855 25
On Hand	7,545 35
	<u>189,666 50</u>
	<u>\$3,708,525 58</u>

ROBERT W. SMYLLIE, Manager.

We hereby certify that we have carefully audited the books and accounts of The Huron and Erie Loan and Savings' Company for the year ending 31st December, 1887. The cash and bank accounts have been audited monthly; the postings and balances of all the company's ledgers examined quarterly; and we find the whole correct, and in accordance with the above statement.

Geo. F. JEWELL, F.C.A., } Auditors.
W. M. MOORE, }

In moving the adoption of the report, the vice-president spoke as follows:—

In the unavoidable absence of the president, it becomes my pleasing duty to move the adoption of this report, which furnishes another proof of the firm and substantial basis on which the business of this company stands, and of the care and attention with which its affairs are managed. Notwithstanding the financial disturbances which have occurred during the past year, attended by revelations which might have been expected to lessen public confidence in all monetary institutions, the Huron and Erie has grown stronger amid the storm, and has transacted a total volume of business never before equalled in its history. The gain thus realized has provided the means to pay the usual dividend, meet current expenses and all other obligations, and place to the credit of the reserve fund the handsome sum of \$20,000.

The additional capital with which the company has been entrusted has enabled the directors to add to the cash value of the securities the sum of \$114,231, thus swelling the aggregate of mortgages to \$3,417,911.89, which are secured by properties valued by the company's own inspector at \$7,500,750. Of this sum only \$135,687 is loaned on city and town properties; the remainder, nearly 96% of the whole, is secured by mortgages on farms, nearly all of which are located in the best settled and most thriving counties of western Ontario.

The applications for loans received during the year numbered 525, covering the sum of \$1,013,360, of which 320 were granted, amounting in all to \$536,410. A large number of these loans have been made by well-to-do farmers, for the purpose of making improvements on their property, or to buy additional farms for themselves or their sons; while some have been granted to farm workmen, who have saved enough from the working of rented farms to provide the necessary margin which has enabled them to borrow to purchase for themselves.

While the large sum referred to has been loaned, it should not be forgotten that the

borrowers from the company have provided, by their payments, the greater part of this sum, and that another large item in this amount is the increase in deposits in the savings bank and Canadian debentures—all Canadian savings, a part of which comes from farmers. It is not surprising that the volume of business transacted by the loan companies should increase, for, with the low rates of interest charged, there are privileges given to borrowers to re-pay portions of the principal yearly, which many private lenders do not find it convenient to offer.

Much has been said of late, regarding the subject of farm mortgages, and the ability of farmers to earn sufficient from their farms to support their households and meet their liabilities, has been questioned. It will, no doubt, interest the stockholders to know, that the total arrears on the mortgages held by the Company on the 31st December, 1887, notwithstanding the disadvantages attending inferior crops, are 22 per cent. less than they were at the corresponding period of 1886; and that the sum total of arrears is less than 4 per cent. of the capital employed. Further, it has been frequently asserted, that the properties of farmers are rapidly falling into the hands of loan companies, through failure of the borrowers to meet their obligations and consequent foreclosure. Nothing can be found in the records of the Huron & Erie to sustain such assertions. Our report shows that the entire value of all the properties which have come into possession of this company by foreclosure or otherwise, is less than two-thirds of one per cent. of the capital employed, and this is a larger proportion than the company has had for many years past. I doubt very much if any such record could be shown by an equal number of borrowers among merchants, manufacturers and business men in the most prosperous of our cities.

I am sure you will all join me in regretting the absence of our esteemed president. Most of you are aware that he has been recently honored in a very marked manner by being elevated to the bench; and hence, we can no longer have the valued services of the Hon. Mr. Justice Street. While congratulating him on his appointment, and the Government on the excellent choice they have made, we all regret that the board will be deprived of the advantage of his wise counsel in their future deliberations.

There are one or two more points in the present report to which I beg to call your particular attention. Among the by-laws of the company there is one which declares "that no director or officer of the company shall become a borrower from its funds. This by-law has always been strictly enforced. I am glad to say that there are no monies advanced by the company on the company's stock. It affords me much pleasure, gentlemen, to move the adoption of this report.

The motion was seconded by Mr. Mackenzie and carried unanimously.

The following resolution was moved by Mr. V. Cronyn, seconded by Mr. Marsh, and carried by an unanimous standing vote:

The shareholders of the Huron and Erie Loan and Savings' Co. at this their annual meeting, beg to tender to their president, the Hon. Mr. Justice Street, their hearty congratulations on his elevation to the Bench of the High Court of Justice for Ontario, and to assure him of their deep sense of the invaluable services rendered the company by him for many years, as director, vice-president and president. It is with sincere regret they learn that his judicial duties and removal to Toronto compel him to decline re-election to the board of the company. And in token of their appreciation of his services as president during the past year, they ask his acceptance of \$1,000, the payment of which, from the funds of the company, is hereby authorized.

Messrs. George F. Jewell and W. M. Moore were re-elected auditors for the ensuing year, and also scrutineers at the present meeting for the election of directors. The scrutineers reported the following gentlemen elected to serve as directors for the ensuing year:—Wm. Saunders, Hon. E. Leonard, John Beattie, J. G. McIntosh, P. Mackenzie, J. W. Little.

At a subsequent meeting of the board Mr. J. W. Little was elected president, and Mr. Wm. Saunders, vice-president.