

7. Under the amended by-laws the following members of the Board retire by lot, but are eligible for re-election, viz., Messrs. Larratt W. Smith, Jos. H. Mead, Thos. McCrosson, and Goldwin Smith.

8. The Directors have much pleasure in again testifying to the diligence and efficiency displayed by the Secretary and all the officers of the Association.

All of which is respectfully submitted.
LARRATT W. SMITH,
President.

Toronto, 3rd February, 1877.

Assets.

	Dr.	
1876.		
Dec. 31.—To present value of		
Loans and Mortgages	\$980,725	46
To other Securities....	1,350	00
To Office Premises....	1,742	00
To Debenture Expenses		
not yet due.....	1,287	30
To Bank of Commerce...	12,495	62
To National Bank of		
Scotland.....	246	35
To Cash in hand.....	1,034	91
	\$998,881	64

Liabilities.

	Cr.	
1876.		
Dec. 31.—By Capital-		
ized stock \$643,025	00	
By accumu-		
lating do	44,489	77
	\$687,514	77
By Deposit		
Account.	188,925	29
By Debent-		
ure Acc't	19,466	67
By Divid		
No 15 due		
Jan. 2, '77	28,895	58
Bysalaries,		
Bal. of..	258	29
By Reserve		
Fund, '75	65,808	63
By Reserve		
Fund, '76	8,012	41
	73,821	64
	\$998,881	64

Profit and Loss Account.

	Dr.	
1876.		
Dec. 31.—To interest to		
Depositors.	\$8,474	79
To Directors'		
and Audit-	4,240	00
ors. Fees.		
To Salaries,		
Rents, and	6,034	49
Office Ex-		
penses....		
To Interest		
Debenture		
Coupons,		
maturing		
1876.....	117	24
To proportion		
of Deben-		
ture expen-		
ses charge-		
able to 1876	244	55
To Dividend		
No. 14.....	\$29,682	73
To Dividend		
No. 15.....	30,613	51
	60,296	24
	\$79,377	31
To Balance to		
Reserve		
Fund.....	8,012	41
	\$87,389	72

1876.		CR.
Dec. 31.—By Accrued Interest on		
Loans	\$82,615	06
By Interest Arrears of		
Repayments	4,674	55
	<hr/>	
	\$87,389	72

The Auditors hereby certify that they have audited all the books of the Association for the year ending 31st December, 1876, in detail, and all securities, vouchers, and documents relating to the same; they have also valued all the mortgages, and have compared the accompanying balance sheet, comprising "The assets and liabilities, the profit and loss account, and general cash statement" with the said books, and have found them correct and satisfactory in every respect.

WM. R. ORR,
JAMES GRAHAM, } Auditors.

Toronto, February 3rd, 1877.

The chairman in addition observed:—I do not know, gentlemen, that I can add very much to the information contained in the report, as it is tolerably comprehensive in itself. The business of the Association has steadily increased in every branch, as you will have noticed by the report, and considering all the surrounding circumstances, the unusual depression in trade and the great competition, we could scarcely have expected greater results. The Rest, you will observe, has now been brought up to very nearly eleven per cent. of the paid up capital, and with anything like a fair business season it may confidently be expected to attain a larger proportion during the present year. The profits for the past year are very satisfactory though not so large in proportion as those of some of the preceding years. This arises mainly from the competition we have had, especially from the British companies, or companies doing business with British capital; still I have no fear for the companies operating like ourselves under the Building Society principle, seeing that there is and always will be, ample field for all; and we have the satisfaction, at all events, of realizing that by our method of requiring payments of principal as well as interest our security is monthly improving and our margins are placed beyond a doubt. Owing to this we are enabled in times like the present to allow our borrowers who have reduced their loans by substantial repayments, to fall into arrears, and so by obliging them benefit the Association, as the rates paid by defaulters are rather better than could be obtained from new borrowers. It is understood in the report that during the past year, under instructions from the shareholders and the Board, I visited Great Britain to make arrangements for floating our debentures. If any gentleman present has tried this experiment, he will know that it is not an easy task. I spent a considerable time in London, and exerted all the influence I could bring to bear to achieve my purpose there, but to no effect. The market was too large. Had I been there asking for a round sum, by the sale of debentures, I might have succeeded, but as my object was to place the debentures as we could use the money, I failed. I was not successful in either Oxford, Manchester, or in other places in England, which I also visited and for the same reason. I was more fortunate in Scotland, and in Edinburgh succeeded in securing the services of a gentleman of means and position, who, from a knowledge of Canada, derived from an extensive and wealthy family connection, was willing to accept the position of agent, and who has already done us good service in that capacity, and is likely to be most useful to us in the future. I suppose I should condole with the solicitors, one of whom I notice is present, as we have not had occasion to avail ourselves to any extent of their good

offices, and I very much doubt if in the present time they have any thing in their hands to be thankful for, but we rather congratulate ourselves on this state of things than otherwise.

The monthly audit occupies some eight days every month throughout the year, exclusive of the time spent on the books at the end of each half year and year, when there is necessarily an additional tax on the auditors' time. Our transactions are now large; we turned over nearly a million and a half of dollars during the past year, and when I tell you that every item in every book—and they are numerous—of the Association is looked into and vouched for, you will see that the labour is great and the work searching and thorough. The auditors are present to speak for themselves, and I am sure Mr. Orr will be able to satisfy you as to the extent of their duties, and I trust you will see fit to remunerate them liberally. Under the amended by-laws, four of the present directors retire by lot, viz., Messrs. Larratt W. Smith, J. H. Mead, Thomas McCrosson and Goldwin Smith; they are eligible for re-election, however, if you feel inclined to repose your confidence once more; they will be elected for two years. I am happy to be able to report that all the officers have given full satisfaction and are entitled to your thanks. We could not have better officers. I hold a letter in my hand from the Auditors testifying to the thoroughness of their work and stating that they have not discovered a single error in the accountant's books during the past year, which is very satisfactory and encouraging.

The Chairman, after stating that he should be happy to give any explanation that might suggest themselves to any shareholder present, resumed his seat, and shortly afterwards moved the adoption of the report, which was seconded by Dr. Smith, V. S., and carried unanimously. Dr. Smith, V. S., seconded the resolution, which was unanimously adopted.

The following resolutions were also unanimously adopted:—

Moved by Mr. J. L. Blaikie, and seconded by Mr. Chas. Hooper, that the following gentlemen be re-elected Directors for the current year:—Larratt W. Smith, Esq., D. C. L., Joseph H. Mead, Esq., Thomas McCrosson, Esq., and Goldwin Smith, Esq., M. A.

Mr. Boyd moved seconded by Mr. Rattray, that as the President, Dr. L. W. Smith, was absent in Britain for three months exclusively for the purpose of making the necessary arrangements for the sale of the debentures of the Association, in which he was highly successful and in so doing he sacrificed to a considerable extent his own interest to that of the Association, this meeting hereby appropriates the sum of \$500, and requests Dr. Smith's acceptance of the same in order to compensate him in some measure for the loss he hereby sustained. The shareholders tendered their thanks to the President, Vice-President, and Directors for their services during the past year, and voted \$3,500 for their fees. The auditors were also voted the sum of \$350 each for their services.

At a subsequent meeting of the Board, Larratt W. Smith, Esq., D. C. L., was unanimously re-elected President, and Joseph H. Mead, Esq., Vice-President, for the present year. The auditors were re-elected

Correspondence.

To the Editor of the Monetary Times.

CREDIT WITHOUT CAPITAL.

SIR.—Your article on this subject in your last issue of the 26th ult. is timely, and affords instructive lesson to those who have credit at their disposal. Your strictures are severe, but