

paid for a seat at a theatre in expectation of seeing a celebrated actor had a claim for re-imbusement of his money when the programme was changed by that actor's engagement being cancelled. The money was paid in London not for a mere seat on a platform or at a window, but for a place at which a certain spectacle could be witnessed. We do not see how the purpose for which such money was paid can be ignored. Of course, the analogy between this and a theatre fails because a theatre manager engages to present a specific performance by a specific actor, but the proprietor of a platform is under no such engagement, as the spectacle anticipated is wholly out of his control. We fancy in most cases the buyers of seating accommodation will lose their money, even if a test case is tried and given in their favour, for the bulk of such sight-seers are strangers to London, and could not remain to give evidence in a suit to recover. A number of Canadians paid large sums for platform seats, who, we fear, will lose both their cash and their enjoyment.

Secret Reserves.

A singular article appears in the "Accountants' Journal," London, England, regarding the duty of an auditor in respect to what are called the "Secret Reserves" of joint stock companies. The term seems to us objectionable as implying a desire to conceal something from the stockholders. It is averred that banks and other companies value their investments and real estate much below their market value. It is also said that some companies "create and build up from year to year a distinct fund which is never disclosed in the public accounts." As to valuing assets at a low price it is doubtless done by some banks and other institutions. But there is no "Secret Reserve" about this practice, for it is open to any shareholder to enquire on what basis and why properties are so valued. There is certainly no danger caused to the creditors of a company by the assets being undervalued; there is, however, danger in their being over-valued. An auditor in the former case need not go behind the valuation of the management; but in the latter case if the over-valuation in his judgment is beyond dispute or excuse he should ask for explanations, and if they are not satisfactory it is an auditor's duty to protest and decline to sign a falsified balance sheet. That "Secret Reserves" of money, or much under-valued assets, are accumulated by directors in order to hoodwink the public in order to enable them to buy up stock at prices below what their value would be seen to be were the truth known, is a very serious charge, for such conduct amounts to a conspiracy to commit a fraud, which is a grave crime. On general and indisputable principles an auditor should never attach his certificate of approval to any statement that is not correct and in accordance with the facts and the books of the company submitted for his audit.

THE KING IS RECOVERING.

The latest reports available for this issue regarding the condition of His Majesty are most gratifying. He is sleeping well; his appetite is normal; the wound is healing, no adverse symptoms have appeared, the attendant physicians have reduced the number of daily bulletins, the Colonial troops were allowed to pass under the windows of the room occupied by the King, who expressed delight at hearing their cheers. Of course a wound such as was inflicted takes a long time to heal, and, while healing is more or less painful, but the very pain indicates a healthy process going on in knitting the walls of the wound. The Queen attended a review of the Colonial troops, which must be regarded as the most favourable sign yet, as a public State function like that would not have been performed had there been any ground for serious anxiety. A day of Imperial thanksgiving is evidently near at hand.

ONTARIO BANK.

The statement of the above bank which appears in full in this issue is in line with the other bank reports recently issued. The bank is steadily increasing its business and resources under the careful management of Mr. C. McGill. The capital account was increased in the year ended 31st May last from \$1,372,914 to \$1,399,660. The net profits of the year were \$168,500, which is equal to 12.22 per cent. on the capital paid-up. This is a marked improvement over 1901 when, on the same capital, the earnings were \$140,639. The advances made by the Ontario Bank in the last three years are shown by following comparisons:—

	1902.	1899.	Increases or decreases.
	\$	\$	
Capital paid up.....	\$1,399,660	1,000,000	Inc. 399,660
Reserve Fund.....	425,000	110,000	Inc. 315,000
Balance carried forward.	34,111	40,360	Dec. 5,949
Circulation.....	1,255,767	894,319	Inc. 361,448
Deposits not bearing int.	1,451,467	1,279,623	Inc. 171,844
Deposits bearing int.....	7,250,425	4,965,793	Inc. 2,284,632
Total.....	8,701,892	6,245,416	Inc. 2,456,486
Securities.....	1,152,187	1,371,132	Dec. 218,945
Total assets.....	12,419,979	9,204,553	Inc. 3,215,426
Discounts.....	9,032,587	6,372,151	Inc. 2,660,436
Call loans.....	794,165	433,284	Inc. 360,881

The large increase in deposits, over 33 per cent. since 1899, indicates a gratifying increase in public confidence, and the larger increase in discounts shows that the more profitable class of business has grown proportionately, as is shown also by the larger earnings.

THE COAL MINERS' STRIKE has enlarged the use of oil for fuel to an extent of which the fire companies need take special account. It is being stored to an unusual extent under conditions in some cases that considerably increase the fire hazard.