of the capital allotted to the new branch. The real authority, however, is exercised by a manager appointed by the government, frequently a stranger, and assisted by subordinates sent from the capital. That under such circumstances more than one-half of the discounts of commercial paper made by the bank should be made at its branches, as has been the case ever since 1848, is better evidence of the great demand for banking facilities in the provincial towns than of the success of the present organization in answering this demand."

(d) **The Reichsbank of Germany.**

The Reichsbank has an extensive network of branches, and unlike the Bank of England, it competes energetically with the independent and joint stock banks for the general business of the country. Its 310 branches of all grades, carry on its operations in all parts of the Empire, and easily maintain the bank in its leading position among German banks.

(e) **The National Banks of United States.**

The United States statues do not permit branch banks in urban communities, but their place is largely taken by the smaller national banks, the state banks and the trust companies.

(f) **Canadian Banks.**

All the larger Canadian banks have branches, and the system of branches is very similar to that of the Scotch. One great advantage that lies in this branch system is the tendency towards equalization of the rates of interest in different parts of the Dominion. In this connection White says: "A bank receiving deposits in Halifax (say) may lend them to following day through its branches and by the issue of its own notes at (say) Winnipeg, the branches redeeming the notes by drafts on the Head Office, when they are presented for that purpose. The rate of interest in the smaller towns of the West is only 1 per cent. or 2 per cent. higher than in the larger cities of the East on the same kind of loans. To this equalization of the rate of interest both the branch system and the freedom of note issue contribute."

(To be continued).

CANADA CEMENT COMPANY

Annual Statement Omits Amount Written off for Depreciation—Property Account Shows Increase

Monetary Times Office,
Montreal, February 12th.

The annual statement of the Canada Cement Company for the year ended December 31, 1912, has just been issued, and shows profits of $1,394,677 against $1,382,039 a year ago, the surplus for common stock being 2.10 per cent. against 2 per cent. a year ago. The appearance of this statement has been anticipated with interest, not only by the shareholders of the company but by the public. It may be recalled that last spring or summer an order-in-council was passed at Ottawa by which a material cut in the duty against cement entering Canada was made, the object being doubtless to afford a measure of relief to the consumers of cement in Canada, more especially to those of the Northwest where the requirements for cement seem to have been quite pressing. It was claimed at the time that the cement mills in Canada were unable to keep up with the demands for consumption and that United States mills were prepared to accept very much lower prices than the Canadian mills, but that the freight and duty increased this price unduly, thus permitting Canadian cement to be sold at high prices. Whatever may have been the truth in this statement, the duty was lowered for the summer period and undoubtedly a heavy importation of cement from the United States followed. However, the importers did not realize the advantages originally expected. Previous to the reduction in the duty, the price at the mills in the United States was somewhat exceptionally low, and shortly afterwards it was observed to advance. That this was due to the Canadian demand is hardly likely, although such a claim was made at the time. Rather was the advance due to the fact that about that time the period of industrial dullness in the United States began to give way to a more active condition, and this takin[illegible] place along with the demand from Canada combined to stiffen prices on the American side of the border. However, between this advance in price and the freight rates and the remaining duty, the advantage reaped by Canadian consumers was not so great as was at first hoped it would be.

Throughout the summer, there were many predictions and statements concerning the probable effect the cut in the duty would have upon the profits of the Canada Cement Company. Claims and statements favorable and unfavorable were made. Now we have the actual figures, and although the statement does not contain all that it should, it goes to support the statement that the company would do as well in 1912 as it did in 1911.

The following statement shows the profit and loss:

Net profits for year 1912		$1,394,677
Bond interest	$375,418	
Pfd. stock div.	735,000	
		1,110,418
Surplus carried forward from year's operations		284,259
Surplus at beginning of year		496,802
Present surplus		$ 781,061

As in the statement for the year 1911, the statement for 1912 omits to show how much was written off for depreciation and ordinary renewals and repairs. This is an important point, as it has a direct bearing upon the profits and gives information which is necessary to a proper view on the matter of profits. There was shown an amount of $75,000 for extraordinary renewals and repairs, so that when this is added to the amount written off for the ordinary account the total provision will doubtless have been quite liberal.

Some Interesting Items.

Among the items which attract most attention in the statement of assets and liabilities is the reduction in cash on hand. A year ago the amount was $554,009, while at the end of 1912 the amount was $39,234. Also, a bank loan and overdraft was created during the year and at the end amounted to $340,276. The accounts payable increased $240,000 and the investments were reduced $251,068. On the other hand, the accounts receivable increased $113,101, and the inventory of clinker, cement, etc., $407,372. The alterations made during the year were quite marked. The biggest change is in the property account. This now amounts to $29,918,672, showing an increase of no less than $1,123,237 for the year. This explains the reduction in the cash and investments and the increase in the bills payable. The company has been carrying on construction in Winnipeg and Exshaw, and on these plants, no doubt, has been spent the sums referred to.

Assets and Liabilities.

A summary of the changes in the assets and liabilities shows the following:

Assets.

	1912.	Increase.	Decrease.
Property account	$29,918,672	$1,123,237	......
Investments	42,234	....	$251,068
Deferred charges	77,936	48,021	......
Current assets	2,791,725	....	821
Total assets	$32,830,567	$1,171,258	$251,889
Net increase in assets			$919,369

Liabilities.

	1912.	Increase.
Bonds	$ 6,256,966	......
Stocks	24,000,000	......
Current liabilities	1,589,539	$562,109
Reserve fund	203,000	73,000
P. & L. account	781,061	284,259
Total	$32,830,567	$919,369
Net increase in liabilities		$919,369

Upon the appearance of the statement many predicted a decline in the price of the stock. This, however, has not taken place in spite of the fact that the markets have been anything but favorable during the past few weeks. It is generally thought that for the company to be able to carry forward a surplus of 2.10 per cent. after all appropriations and charges had been met, as against 2 per cent. a year ago, was not a bad record under the circumstances.

The organization meeting of the shareholders of the new Marcil Trust Company, Limited, was held recently at the company's head office, Montreal. The following were elected directors: Mr. George Marcil, president; Hon. Charles Marcil, LL.D., P.C., M.P., K.L.H., vice-president; Mr. John P. Callaghan, managing director and secretary-treasurer; Mr. Joseph A. Ogden, N.P., and Mr. Alfred Gravel. The company is taking over the business and assets totalling $2,500,000 of Geo. Marcil & Company and the Montreal Land Corporation, hitherto conducted alone by Mr. George Marcil. The company's capital has been fully paid up, and is held by only a limited number of persons. There will be no stock offered for sale to the public, but a bond issue is being considered.