

every opportunity to increase his knowledge. He went further, pointing out the responsibility and obligation which rests upon the managers and chief officials of offices in respect to the younger members of the staff. Frequently, he said, a junior is taken in and placed under the charge of older clerks who give him some training in the mechanical work of the office, but he is left to his own unaided efforts to determine as best he may the relative importance of his duties to the whole, and the reasons why it is necessary to perform his work in a certain way. Such a training, he said, tends to develop only the mechanical side of his life, and should be accompanied by corresponding mental development. He urged the managers to point out to the members of their staffs the opportunity afforded by the Institute in its educational courses.

After the President's address, Mr. Arthur J. Hughes, secretary and actuary of the Crown Life Insurance Company, read a paper on "A Method of Ascertaining the Cost of an Agency." This paper, which is on a subject of very practical bearing, was listened to with great interest. The paper, after being printed and distributed amongst the members, will be brought up for discussion at the next meeting of the Institute, to be held on December 8th, 1903. Mr. C. D. Cory will also read a paper at that meeting on the subject, "Fire Insurance as an Exact Science."

#### CANADA CYCLE AND MOTOR CO., LIMITED.

In our last issue, brief reference was made to this company, of which we had the day before received the report for the twelve months ended with July, 1903. The annual meeting was called for 29th October, but on the morning of that day a lawyer acting for the estate of the late Henry Cargill, a shareholder, had an injunction issued to prevent the carrying on of such meeting, and to prevent the passing of a by-law for the reduction of the capital stock of the company. We submit below the statement prepared for that meeting. The balance-sheet, it will be observed, is drawn up on a different basis from those of former years. This, it is explained, is by reason of changes in the company's organization:

#### ANNUAL STATEMENT, ASSETS AND LIABILITIES JULY 31ST, 1903.

##### ASSETS.

Cash on hand and in banks .....	\$ 24,708 52
Accounts and bills receivable .....	551,790 31
Stock on hand—Bicycles, motor vehicles, parts and accessories .....	324,178 19
Raw material and supplies .....	143,380 50
Insurance, duty, freight, stationery and office supplies .....	53,305 45
Real estate and buildings .....	73,558 03
Machinery, tools, patterns, furniture and fixtures .....	148,718 19
	<u>\$1,319,639 19</u>

##### LIABILITIES.

Accounts and bills payable .....	\$ 777,565 90
Contingent account .....	42,073 20
Capital stock on basis of reorganization .....	500,000 00
	<u>\$1,319,639 19</u>

We have audited the accounts of The Canada Cycle and Motor Company, Limited, and certify the foregoing balance sheet to be an accurate statement of the company's position on the 31st July, 1903, effect having been given to the plan of reorganization to be submitted to the shareholders at the annual meeting of the company.

EDWARDS & COMPANY,  
Chartered Accountants.

In the Monetary Times of 7th November last year, we went somewhat fully into the affairs of this company, floated with so much flourish of trumpets in 1899, with share capital

\$6,000,000 of which the public was kindly permitted to subscribe \$2,000,000. It was stated that where profits of \$300,000 were shown in its first year, they declined in the second to \$195,000 and in the third to \$2,000; while in the fiscal year, 1902, there were no profits, but a loss of over \$130,000.

The present statement shows a remarkable reduction of obligations to the public, for where they were \$1,092,900 in 1902, they are only \$777,565 this year. This implies retrenchment, cutting off useless agencies established to do a huge business, and getting things down to "hard-pan" generally. But we must also presume it to imply a reduced manufacture. Factory plants have been consolidated, surplus machinery disposed of, and stocks of bicycles in the hands of manufacturers and dealers cleared out. The tendency in the bicycle business is now towards higher grade bicycles at better prices. Indeed, the average price of wheels in 1903 is higher, we are told, than in 1902. The company's Australian business, while larger, is done on long credit, and at stationary prices. The European branch being unprofitable has been closed, but the miscellaneous foreign business is maintained. The Motor branch of the company's business has grown in importance during the past year, the volume being larger than ever. It handles automobiles made in the United States and has had the exclusive agency for Canada of the leading types. Besides, the manufacturing plant of Canadian Motors, Limited, was purchased during the year, and a number of electric vehicles made and sold.

It was stated a year ago that the holders of \$2,850,000 of the common stock had offered their common stock for cancellation in a reorganization of the company "as soon as legal difficulties are removed"—which meant, the suits then pending by small shareholders against the directors and underwriters. According to the present statement, "this litigation has been withdrawn," (we assume that the above-mentioned suits are referred to), and the directors, therefore, framed By-law No. 7, to be submitted at the October meeting. This by-law provided for the reduction of the capital stock to \$600,000, of which \$100,000 was to remain in the treasury. That is, the common stock was to be all cancelled, and the par value of the preference shares reduced from \$100 each to \$20 each, such shares having no priority. But the injunction we have mentioned has interfered with this procedure.

It is so far satisfactory to observe that the loss on the previous year's business of \$133,000 has been changed to a profit this year of nearly \$30,000. And the statement of assets and liabilities as made out now shows the value of the assets owned by the company without placing any valuation whatever on the patents, trade marks and other franchises which are its property.

This statement shows a clear surplus of assets over liabilities of \$500,000. This makes the company, so far as outside parties are concerned, a quite solvent concern, giving this surplus as the value of the share stock of the company. The reduction of the capital to \$500,000 would mean then that the shares which would have a face value of \$20 should be worth par. In addition to this the directors of the company last year surrendered, as we stated at the time, a million dollars of preference stock to a trustee, this sum to be distributed among the small shareholders and those least able to bear the loss just as soon as this reorganization could be effected. If this be done the smaller investors will probably come out of the bicycle business better than the majority of the people who have put their money into it during the past ten years.

As far as can be seen, the worst is now known of this unfortunate and over-capitalized venture, and it is a question how far any further litigation will advantage the shareholders. One cannot wonder that smaller holders still feel embittered against the sanguine and incautious management which floated the concern on such a gigantic scale. But, then, the public are always too ready to jump at a venture which promises big profits, especially when the prospectus contains "big" names. These very provisional directors, however, have suffered a heavy financial loss by the Canada Cycle and Motor Co. besides the shock to their self-confidence and to the public's belief in their shrewdness; and