later in December there had been another rewriting, by which Terminal bonds were written down and Michigan Telephone written up, but while these items had been carried through the ledger, they were not shown in the account of profit and loss from sale of investments.

Mr. Macaulay said that the items had been put through the cash book.

Mr. Macaulay then went on to explain the reasons for the rewritten values of Terminal and Michigan Telephone, and this brought the matter back to the account entries. He said that it was really a reverse entry.

This was not shown, contended Mr. Shepley.

Mr. Macaulay said that it had not really been carried through the books in proper form, the bookkeeper's entry not being carried out. "It shows that we thought of doing so, but we did not do so," said Mr. Macaulay.

"And now you want to get credit for good intentions," remarked Mr. Kent.

Mr. Macaulay said that in effect the transaction should have been eliminated from the account altogether.

Mr Shepley then asked why certain other items in the cash book did not appear in the account. These were enumerated by Mr. Macaulay. They wrote off $15,000 of Western Chicago Traction Co. and wrote up that amount of common stock of the Hudson River Water Co. Depreciation of Michigan Telephone securities were offset by writing up Chicago-Milwaukee stocks. These did not appear in the account. These transactions took place on December 31.

To Mr. Shepley's question as to whether he considered that these items ought to have appeared in the account, or not, Mr. Macaulay replied that he thought they should.

Asked why these changes were made at December 31, Mr. Macaulay explained that it was the close of the year and the proper time for readjustment.

"Were you looking at all forward to the government returns," asked Mr. Shepley.

"No, not at all," replied Mr. Macaulay.

The effect of these transactions upon the ledger value was then taken up. Mr. Macaulay held that ledger value and cost were entirely different matters. As an instance he cited the example of the Bank of Montreal, which set a ledger value of $600,000 on its property when everybody knew that the actual cost was a great deal more.

"If you wrote off real estate for depreciation would that find its way into the government report."

"Not necessarily."

The Government returns were then produced and Mr. Macaulay was shown its various requirements. He answered that in 1903 the matter was new and perhaps its conditions had not been fully carried out. "Since our attention has been drawn to it, that has been rigidly adhered to."

Various items showing losses from failure to collect interest were taken up. Mr. Macaulay explained that it was the principle of the company always to make good from sale of mortgage securities any loss of interest before crediting a profit to the transaction.

Mr. Shepley said that it seemed that it had been intended to represent to the Government that interest had been received in instances where mortgages had been foreclosed.

"Absolutely, no."

The Sun Company's method of dealing with mortgages was gone into by Mr. Macaulay, who asserted that his company's system was the best in Canada.

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STOCK EXCHANGE NOTES.

Tuesday, P. M., October 16, 1906.

The stock market this week has been rather erratic, but notwithstanding the unfavourable conditions—the Ontario Bank trouble and tight money—it has held fairly well. The failure of the Ontario Bank created a sensation, and might have caused a panic. The action of the Bank of Montreal and the prompt support of this action by the other banks, quickly restored confidence aud prevented any undue liquidation of securities and obviated any serious decline in prices.

The announcement of an increase in the capital stock of the Montreal Street Railway by $2,000,000, was followed by a decline in quotation and some selling by holders dissatisfied with the terms of the issue. The Company will allot the new stock pro-rata to shareholders at date of issue at a premium of 75 p. c. This is a substantial bonus, and the plan of converting the $50 shares to $100 par value is a wise one. The stock was the most active in the trading this week and good support appeared at the lower level. Montreal Power, Detroit Railway, Iron Common and Twin City in the order named were the next in point of activity. There was some liquidation in Halifax Tram. This stock has been so quiet that a few shares coming out is somewhat of a novelty. The Bank stocks have been firm and offerings well absorbed. The long expected dividend announcement on R. & O. was made to-day, the stock being put on a 5 per cent basis. This will be good news to the shareholders, many of whom have been holding for two or three years. The predominant feature is the tightness of money and until this is easier, the market will be held in check, and with the exception of a few specialties, is inclined to drag. With call money at 6 per cent. and very scarce at that, the prospect for a higher range of prices in the immediate future is not very promising.

Call money in Montreal remains unchanged at 6 per cent. In New York the rate for call money to-day was 3 3-4 per cent., and in London money loaned at 3 1-2 per cent.

The quotations for money at continental points are as follows: