

## BANK OF UPPER CANADA.

THE Directors, or rather Mr. Cassels' report on the affairs of the Bank of Upper Canada, and its business operations for 1864-5, is one of the most complete, as well as the most important, documents we ever remember being issued from a Canadian Bank Board Room.

We will endeavour to analyze this report, which occupies some ten or eleven columns of the *Globe*, and put the most important items in such a shape as will enable our readers to obtain a pretty clear and comprehensive idea of the condition of the institution to which it relates, without condemning them to wade through the enormous pile of matter furnished by Mr. Cassels.

Perhaps the three most important points in any Annual Bank Report, but especially that of the Bank of Upper Canada, will be considered: First, the business for the year, next, the state of its available funds as compared with its immediate liabilities, and next, its general condition and prospects. We will treat the present Report in this manner at all events. First, then, as regards the

## RESULT OF BUSINESS FOR THE YEAR ENDING MAY 25, 1865:—

Dr.	To balance at credit of profit and loss account on 25th May, 1864	\$26,127.00
To	net profits for the year, after paying management expenses, and providing for bad and doubtful debts	96,620.75
		\$22,747.75

Cr.	By dividend of 3 per cent. on Stock paid on 2nd May, 1865	\$7,593.27
	By Government Tax on Circulation	4,597.37
	By special Grants at Annual Meeting, 25th June, 1864	2,100.00
	By present balance at credit of profit and loss account	27,785.11
		\$22,747.75

Total. . . . . \$22,747.75

It will be seen that the net earnings for the year, after paying management expenses, was \$96,620, which was, very little, about \$1,500 over the amount required to pay a dividend of three per cent. on the first half of the year, the Government tax on the circulation and a few special grants. The Directors, consequently, declined to declare any dividend for the last half of the year. Stockholders cannot feel much aggrieved by this action of the Directors, as the three per cent paid on the first half of the year was equal to seven or eight per cent on the market value of the stock, which is as good a dividend as any of the other Banks pay; besides, the whole amount at the disposal of the Directors—unless they entrenched upon the reserve fund, or on the balance to the credit of the profit and loss account from the previous year—was certainly under \$2,000.

We will now turn our attention to an examination of the available Assets of the Bank, and see what relation they hold to its immediate Liabilities, viz., the Liabilities which it could be called upon to pay at any moment; and in order to learn whether the Bank is in a better or worse position in this respect at present, than it was formerly, we will compare its available means with its immediate liabilities for 1863, 1864 and 1865—

## AVAILABLE ASSETS.

	1865	1864	1863
On 25th May.			
Specie in vaults	\$524,000	\$457,000	\$523,000
Notes and cheques of other Banks	91,000	125,000	135,000
Due by other Banks	48,000	175,000	22,000
Totals	\$663,000	\$757,000	\$680,000

## IMMEDIATE LIABILITIES.

	1865	1864	1863
On 25th May.			
Circulation	\$1,910,000	\$1,190,000	\$1,555,000
Private deposits not bearing interest	614,000	818,000	1,162,000
Private deposits bearing interest	614,000	520,000	473,000
Due other Banks	270,000	234,000	133,000
Totals	\$2,533,000	\$2,768,000	\$3,263,000

## RECAPITULATION.

	Immediate Liabilities.	Available Assets.	Proportion of Assets to Liabilities.
1865	\$2,533,000	\$663,000	29 per cent
1864	2,768,000	757,000	27
1863	3,263,000	680,000	20

It will be seen that the available means which the Bank has to meet the immediate liabilities is three cents to the dollar less on the 1st of May, 1865, than on the 1st of May, 1863, and one cent in the dollar less than on the first of May last year. It seems to us that this result is mainly attributable to the three following causes:—First, the restriction of the circulation,

caused partly by the withdrawal of the Government account, but chiefly by the large influx of American silver, of which we have heard so much. Second, by the large falling off which appears in the "private deposits not bearing interest," caused, no doubt, by the disability of merchants to allow large balances to stand at the credit of their current accounts during a time of unusual pressure. Third, by the large payments which the Bank has made to the Government, and to the financial London agents, Glyn, Mills & Co. In the two years the circulation has fallen off \$345,000, the deposits not bearing interest \$188,000, and the amounts paid to the Government, and Glyn, Mills & Co. appear to be about \$23,000, making in all \$1,456,000 which the Bank has reduced its liabilities within the two years. Against this, however, we must put increase of liabilities on "Private deposits bearing interest" \$114,000 and amount due other Banks in excess of 1863 \$137,000, making together \$278,000, which deduct from the above amount of \$1,456,000, by which the liabilities have been reduced, and the decrease in the liabilities will be exactly \$1,222,000.

Now, if these claims had not been paid, but remained part of the immediate liabilities, and if the cash which paid them was at present in the Bank's vaults, forming part of the available assets, the immediate liabilities would be increased to \$3,749,000, and the available means to \$1,865,000 or nearly fifty cents on the dollar of the demand liabilities. From this it seems pretty clear that the reason we have given for the relative decline in the available means are correct. Indeed, the only wonder is that so large an amount of available means could be preserved in the face of such excessive disbursements.

We have seen what has been the result of the Bank's operations for the year ending May 25, 1865, and also its present ability to meet present engagements, we will now endeavour to find out, from the report, the present condition of the Bank, as regards its ability to pay future engagements. It will be observed that the Bank makes its immediate liabilities only about one half what they appear in the Government monthly returns. This is how the discrepancy arises. The Bank owes the following sums of money which the Government returns include in the demand liabilities, and which the Bank leaves out, for reasons which we will state hereafter

(1) Balance due Gov't not bearing interest	125,000
(2) " " bearing interest	1,290,000
(3) " " Glyn, Mills & Co on old account	317,000
(4) " " Glyn, Mills & Co. on current account	487,000
Unclaimed dividends, which have been accruing since the establishment of the Bank	11,000
Total	\$2,221,000

As regards item (1), the Bank claims to have a contra account, equal to a large part of it. Be that as it may it is pretty clear that this is not a demand liability. Item (2) is a debt due by the Bank since the withdrawal of the Government account, but which is allowed to remain with the Bank, on interest, by special arrangement. It is, therefore, not a demand liability. Item (3) is the balance of an old account which was due to Glyn, Mills, & Co., at the time Mr. Cassels assumed the management of the Bank, which is also allowed to remain at interest with the understanding that it will be paid by instalments, so that it is not a demand liability. Item (4) is the current account which the Bank has with Glyn, Mills & Co., and which fluctuates from day to day. It is simply an overdraw which is paid by remitting exchange.

The first three are debts peculiar to the Bank of U. Canada; indeed they are neither more nor less than debts which the Bank, when it became embarrassed, asked for, and received, time to pay.

Now we will take the following items from the assets of the Bank, and place them against these suspended debts. We do so because they are very much of the same character, viz: good debts which cannot readily be realized:—

1 Government Debentures, which the Bank is obliged to hold	\$197,200
2 G T Railway Postal Subsidy debentures, \$883,000 held at 20 per cent. discount	706,630
3 Nor Railway first pref bonds, held at 10 per cent. discount	4,330
4 Nor Railway 2nd pref. bonds \$52,500, held 20 per cent. discount	42,048
5 City of Toronto Debentures, held at par	1,400
6 City of Hamilton	120
7 St. Clair Gravel Road Co. 7 per cent. bonds, held at par	4,000
8 Cobourg & Peterboro' R'y Debentures, \$168,873, held at 95 per cent. discount	8,443

9 Brockville & Ottawa Railway Debentures, \$48,133 held at 62 1/2 per cent. discount	18,650
10 London & P Stanley Railway Debentures, \$15,573 held at 90 per cent. discount	1,570
11 Port Hope Harbour Bonds, \$10,000 held as col. security for a debt of	6,089
12 Real Estate, other than Bank Premises	1,289,158
Total	\$2,279,153

This provides for the suspended debts, and leaves about \$54,000 to the good, most of our readers will be able to judge of the value of these securities. As regards the real estate, we may mention that it consists chiefly of landed property, and we observe that \$107,889 worth of it has been sold within the last year at a slight advance on the valuation, which would appear to prove that it is not valued too high.

The remaining liabilities of the Bank are That portion of the immediate liabilities not provided for by available assets viz \$1,865,000 Against this the Bank hold the following assets

Notes and Bills discounted	\$3,494,645
Mortgages	195,593
Cash Credits and other debts due the Bank	214,278
	\$3,814,490
Balance after providing for all liabilities	\$1,949,490
To this add value of Bank premises at Toronto	\$40,000
" " Hamilton	45,000
" " Port Hope	25,000
" " Sarnia	21,000
" " St. Catharines	15,000
" " Brantford	8,000
" " Brockville	8,000
" " London	8,000
Bank Furniture at the Head office and the various branches	17,100
	\$187,100
	\$2,136,590
From this deduct the Capital paid up	1,937,520
	\$199,070

So we leave the capital of the Company intact, and about \$200,000 to provide against bad debts, over valuations, &c.

Unless Mr. Cassels and the Directors have greatly misrepresented the affairs of the Bank and the character of the assets, we see no reason to fear for its perfect safety, and looking at the whole state of its affairs—its business for last year, its available means, and immediate liabilities, its entire assets and entire liabilities, we see no reason why—in the face of such splendid prospects of a good harvest as we now have—the stock of the Bank of Upper Canada should remain at the heavy discount it has to submit to at present.

## THE CROP PROSPECT.

A TRIP along the entire length of the Grand Trunk Railway, from Montreal to Detroit; and over the Great Western from Detroit to Hamilton, also of the Northern Railway from Toronto, with a week spent in the remotest settlements of the Northern country, enables the writer to speak somewhat positively as to the appearance of the growing crops in Western Canada. It would be impossible to name any locality in which the prospect of an abundant harvest is not most favourable. It would be equally impossible to name any one cereal but what promises a large and profitable yield. Fall Wheat has headed out finely, and though we hear of one or two localities where the midge has appeared, the mischief yet seen is insignificant, and it is to be hoped that the start which the grain has got will render it impervious to the ravages of this insect. Such, at any rate, seems to be the general impression among the farmers. Hay is being cut and gathered in, and the weather is very favourable. A crop larger than ever before is being got in under the most favourable circumstances. Root crops of all kinds look most healthy and vigorous, and especially potatoes, of which the quantity sown was very large. On the whole there is nothing in the present appearance of the growing crops but what calls for thankfulness and hope for better times in the future.

Stock Market.—The demand for stocks has not continued this week, although all the Bank of Montreal offering has been taken at 109, and the Bank of British North America at an advance; prices generally are firm. A considerable amount of Gore Bank has changed hands at about 88 to 90. There is nothing doing in Government Debentures; Montreal Water Works Bonds have been placed at 80.

Sterling Exchange is firmer and may be quoted at from 9 to 9 1/2 for Bank bills.