

it will be a lesson to directors and shareholders to secure the services of an auditor of independence, ability and moral courage to oversee the affairs of their officials.

The report was a very complete and exhaustive one, and was accompanied with copious extracts from the records of the Company, sustaining the positions advanced.

THE BANK STATEMENT.

The following are the totals of the bank returns for December last, compared with the previous month: *

CAPITAL.		
	November.	December.
Capital authorized..	\$66,966,666	\$66,966,666
Capital paid up....	58,720,564	58,725,778
LIABILITIES.		
Circulation	\$20,058,130	\$19,574,452
Government deposits	6,005,723	6,599,535
Public deposits on demand.....	33,533,731	33,410,909
Public deposits at notice.....	24,355,474	24,225,174
Due to other Banks in Canada.....	1,604,041	1,879,619
Due to other Banks not in Canada....	1,511,950	956,233
Sundries	185,008	81,804
	\$87,254,057	\$86,727,926
ASSETS.		
Specie and Provincial Notes....	\$13,349,008	\$13,270,965
Notes and Cheques of other Banks ..	3,619,984	4,060,435
Due from other banks in Canada.....	3,011,591	3,097,544
Due from other banks not in Canada....	6,741,190	6,370,940
Available assets.	\$26,721,773	\$26,799,884
Government Stock.	2,619,826	2,463,044
Loans to Governmt.	233,840	750,953
Loans to Corporations	3,398,523	3,207,500
Loans on Bk. Stock and Bonds	7,195,766	7,344,241
Current discounts..	109,602,664	107,024,521
Notes overdue, not secured	2,662,298	2,961,334
Overdue Notes, secured	3,349,340	3,769,939
Real Estate.....	1,128,785	1,146,265
Bank Premises.....	3,084,776	3,093,679
Other Assets.....	1,558,803	1,540,240
	\$161,556,394	\$160,101,700

It is noticeable that the circulation has declined nearly half a million dollars as compared with November, and is more than a million below the last month of 1876, which showed an increase over the preceding month. This may be accounted for by the limited grain deliveries which are a result of the wretched roads, and also by the restricted business done in country stores, largely from the same cause. Government deposits are increased; private deposits lessened. The amount due to British banking offices shows a decrease of \$480,000.

There is no material change in the list of assets until we reach government loans,

which have been effected by Provincial governments to the extent of \$418,000 during the month. Loans on bonds and to corporations are smaller than last month and a fourth smaller than last December. Current discounts show a decrease of \$2,600,000 compared with November, and are less than December last by over seven millions. But the overdue notes continue to increase, an indication that there is a great strain upon the resources of merchants and traders.

COMPOSITION DEEDS.

A most important judgment has just been given by the Court of Appeal for Ontario, with respect to the terms necessary for a valid deed of composition and discharge in insolvency. The case arose out of the insolvency of one Walker and another party named McBride, who had been carrying on business together under the firm name of John Taylor & Co., as safe manufacturers in this city. It was claimed by Walker that the partnership with McBride had been dissolved some time prior to the insolvency, he himself continuing the business under the same style.

A deed of composition and discharge was prepared providing for a reconveyance of the estate to Walker; and this was executed by the proportion of creditors in number and value necessary under the terms of the insolvent act, to procure the confirmation of the deed, taking the creditors of the old and new firms together as an aggregate body. Walker's discharge was opposed by some of the creditors, among others by Messrs. J. & J. Taylor, another firm of safe manufacturers, who had not executed the deed, and who claimed to be the only creditors remaining of the firm when composed of Walker and McBride.

At the meeting of creditors called for the purpose this deed was declared duly approved, though strongly opposed by the dissenting creditors. The matter then came before His Honor Judge Mackenzie, who decided that the deed was valid, and granted a confirmation of Walker's discharge. From this decision Messrs. J. & J. Taylor appealed, and in this appeal they have been successful. The Court above base their judgment, finding the deed invalid, on the principle that where there are firm creditors and also separate creditors, the one class cannot deal with even the assets to which they have the first right to look, independently of the other. For instance, the creditors of an insolvent firm cannot, if there are also separate creditors of one or more of the partners, direct a reconveyance of even the firm assets without the concurrence of such separate creditors;

because, as the Court puts it, the latter would, in the event of the firm estate being wound up and leaving a balance after payment of the firm liabilities in full (something not very likely to occur, if we may judge from the dividends usually paid by estates when wound up), have a right to have such balance applied in payment of their claims. The same rule would apply to the right of the separate creditors to direct a reconveyance of the separate assets without the concurrence of the firm creditors, which was the case here.

To business men this will look very much like guarding against an imaginary evil. Still, a case might arise where the effect of a different ruling would be to deprive one class of creditors of a voice in the disposition of assets from which they might possibly derive a benefit if the estate were wound up, and it is certainly quite proper that the court should exercise the greatest care that no man's right be given away by another man's act. The effect of this decision would seem to be that in every case where there are different classes of creditors, it will be necessary to have the deed of composition and discharge executed by the necessary proportion in number of each class before it can become effectual. From this it would seem to follow that the deed should provide the same composition for all classes.

This decision is at variance with the previous general impression on the subject, and will, we fancy, make it much more difficult than formerly to get compositions through. It will also give separate creditors a power over firm assets which does not seem to have been intended by the law, which postpones them to the firm creditors in the distribution of such assets.

BUSINESS FAILURES IN THE UNITED STATES.

One person out of every sixty in the United States is a trader, according to the compilation of Messrs. Dun, Barlow & Co., in their annual circular of failures. There were 652,000 traders doing business in that country in 1877, and 8,872 of them failed. Our Canadian population is not quite so commercially disposed, for among us the proportion of traders is one in seventy. Still too many, however, when during last year every thirtieth trader amongst us became bankrupt.

The amount of obligations of these eighty-eight hundred American insolvents was \$190,669,000, only half a million less than the total of 1876, which was deemed as disastrous as it was possible to be. In contrast with Canada, where the last quarter