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The Bank of British North America

ESTABLISHED IN 1836.

Incorporated by Royal Charter in 1840.

SEVENTY-SEVENTH ANNUAL REPORT

AND

BALANCE SHEET

Report of the Directors of the Bank of British North America, Presented to the Proprietors at Their Seventy-Seventh Yearly General Meeting, on Tuesday, March 4th, 1913.

The Court of Directors submits the accompanying Balance Sheet to the 30th November last.

It will be seen that the profits for the half-year, including $175,610.22 brought forward from last account, amount to $563,514.92, which the directors propose to distribute as follows.

In the payment of a Dividend of 40s. per share..	$194,666.67
Payable less Income Tax, on the 4th April next.	
Transferring to the Reserve Fund..	146,000.00
Transferring to Bank Premises Account	73,000.00
And in the payment of a Bonus of 5 per cent. to the staff, about	34,066.67
Leaving a balance to be carried forward of..	93,446.79

The above dividend will make a distribution of 8 per cent. for the year.

The dividend warrants will be remitted to the proprietors on the 3rd April next.

Since the last report a sub-branch has been opened at the Union Stock Yards, West Toronto, and a branch has been closed at St. Martins, New Brunswick.

The following appropriations from the profit and loss account have been made for the benefit of the staff, viz:—

To the Officers' Widows' and Ophans' Fund..	$ 3,621.08
To the Officers' Pension Fund..	17,740.38
To the Officers' Life Insurance Fund	973.33

London 18th February, 1913.

The seventy-seventh yearly general meeting of the Bank of British North America was held on Tuesday, March 4 at the offices of the Corporation, 5, Gracechurch street, E C., C. W. Tomkinson presiding.

The secretary (A. G. Wallis), having read the notice convening the meeting.

The chairman said:—The next business is the report of the directors and statement of accounts to be submitted, but with your leave I will take them, as usual, as read. I will first ask your attention to the balance-sheet, on which a few comments and explanations are, I think, required. Taking first the debit side, the reserve fund now stands at the figure of $2,920,000, as compared with $2,774,000 last year. This increase is effected by the transfer of $146,000 from the profits of the past year, a larger appropriation than we have often made before, but one which we believe will meet with your approval, both from the point of view of the soundness of a policy of strengthening the reserve as much as possible, and from the fact that it brings it up to the satisfactory round figure of $2,920,000. Deposits show the considerable increase of $3,385,272.90, which I think is a good and substantial growth, having regard to the fact that money has been in strong demand. Notes in circulation show an increase of $336,200, and rebate of $6,049.26. Following the practice of the great Joint Stock Banks, we now show the amount of our acceptances separately from our other liabilities, which is an improvement, we think, as revealing more clearly the bank's position. With regard to the "liability under guarantee in respect of the Sovereign Bank of Canada" of $300,000, you have been informed in previous years that no loss was anticipated in this connection. Unfortunately, the winding up of the affairs of this institution now seems likely to yield a less favorable result, and there will probably be some loss, which, however, we have fully provided for according to the information in our possession. Turning now to the credit side, cash and specie are down by $552,614.85; cash at call and short notice are up by $1,329,325.13. The proportion of our cash to immediate liabilities is 33 per cent. Investments show but very slight changes, and stand in the books at or below their market value. Bills receivable show an increase of $3,124,463.26. Bank premises account has increased by $73,447.73; that is after crediting the account with the provision of $73,000.00 from the year's profits, but I shall refer to this account subsequently. The profits of the past half-year, as stated in the report, including the carry forward of $175,610.22, amount to $563,514.92, which we propose to allocate as follows:—$194,666.67 in the payment of a dividend of 40s. a share, less income-tax, $146,000.00 to reserve, $73,000.00 to bank premises account, and $34,066.67 in the payment of a bonus of 5 per cent. to the staff, leaving a balance to be carried forward of $93,446.80. The balance sheet, I think you will agree, shows a healthy condition of affairs, both as regards the growth of the bank's business and the general strength and soundness of our position, and in the latter connection I may mention that full provision has been made for all probable losses. It will not have escaped your notice that the balance sheet is made up to November 30 instead of to December 31, the latter having always been the date for the closing of our accounts in previous years, and the profits earned, therefore, are for a period of eleven months as compared with complete periods of twelve months previously. Bearing in mind this fact, a comparison of the profits for the past three years is interesting, and shows the result for the eleven months just closed in a particularly favorable light. For 1910 the profits were $554,800, for 1911, $627,800, and for 1912, (eleven months), $678,505.57. The result, I think, is satisfactory, and reflects the greatest credit on the staff, to whose loyal co-operation and unflagging energy it is chiefly due. I fell, therefore, that, as in previous years of satisfactory trading you have been pleased to sanction the bonuses recommended by the court, you will be pleased on this occasion to signify your approval of a bonus at the rate of 5 per cent amounting, as stated in the report, to about $34,066.67. As regards Bank premises, you will note that we appropriate $73,000.00 out of the year's profits to this account. As you have heard at former meetings, the opening of fresh branches demand continued expenditure on this account, and you will clearly understand that our provision is not required to meet any depreciation—rather the reverse, as our property tends to increase in value—but simply to meet the growing need of the Bank's business. It will, perhaps, be of interest to you to hear that the foundations of our new building at Montreal are now in, and good progress, we hope, will be made with its erection during the coming summer. Some of you may have noticed statements in the press with regard to our intentions in connection with our building at Edmonton, to the effect that we had decided to put up a ten story building. This information is quite erroneous. Our building at Edmonton will be a handsome building, consisting of four storeys, i. e., a basement, a floor for the Bank's business entirely, and two floors of offices above; but we have no idea of embarking upon a more ambitious building programme, as has been suggested in some quarters. A new branch has been opened since the last report at the Union Stock yards, West Toronto, and a branch has been closed at St. Martins, New Brunswick. We hope shortly to hear that our branch at Regina has been opened. During the past year, as you are aware, Mr. Stikeman has resigned the position he has held for so many years of general manager of the Bank. The reasons which led Mr. Stikeman to ask to be relieved of his office were entirely in connection with his health, which he felt was no longer equal to the strain of the work and responsibilities which fall to the lot of a general manager. Mr. Stikeman's connection with the Bank extended over a period of forty years, including three years as first agent in New York, and eighteen years as general manager in Montreal. After so many years of devoted service to the Bank's interest his retirement will, I believe, be no less regretted by you than it was by the court. I cannot, however, let this occasion pass without saying how much the Bank is indebted to him for building up its business on safe and conservative lines. Good as was the credit of the Bank of British North America in 1894, when Mr. Stikeman took over the general managership, we believe it stands even higher today, and were the cause of this result to be sought, it might fairly be replied that it was in large measure due to Mr. Stikeman's efforts. She general managership thus vacated has been filled by Mr. H. B. Mackenzie, who has the entire confidence of the court. Mr Mackenzie has had a wide experience of the Bank's business, as inspector ,branch manager, superintendent of central branches, and finally, for the past four years as superintendent of branches in Montreal. He is a man in the prime of life, forty-five years of age, and is very highly thought of by all those who know him. We look forward to his filling the position to the satisfaction of the court and the profit of the shareholders. Having now dealt with the affairs of the Bank in detail, I think you will probably like to hear a few words from me on the subject of the general trade conditions prevailing in Canada during the past year, and on the subject of the present position. The harvest was a fair one, the complete returns showing a total acreage under grain crops of 22 million acres, and a total estimated yield of over 626 million bushels. The total area sown would certainly have been considerably greater but for the unfavorable weather conditions which prevailed last spring. Agriculture in every country of the world is, and always will be, subject from time to time to adverse weather conditions ,so there is nothing at all peculiar in Canada's experience last year. General trade conditions have been very satisfactory; all business is active, and a strong demand for money exists, and seems likely to continue. The general prosperity of the country is no doubt due in the main to the basic conditions which have caused the great progress of the country during the past few years, i. e., a rapidly growing population and ample supplies of fresh capital. It would not be wise, however, to overlook the fact that the activity of trade has been stimulated to some extent by the spending of profits arising out of real estate transactions, nor can it be expected that profits on the same scale from this source, as well as the expenditure they give rise to, will continue indefinitely. A word on the issue of new capital creations may, perhaps, not be out of place. Canada has been a very large borrower on the London market during the past few years, and it is a good and healthy sign of the country's growth, so long as the capital obtained is wisely and economically spent; but at the same time the appetite of the English investing public is not unlimited, and there are at present signs of an attack of indigestion. In quite a number of cases lately the investing public has failed to come forward to the relief of the underwriters, and the latter have been left with a big proportion of the stock on their hands. Conditions also are at present very unfavorable to all fresh capital creations, and seem likely to continue so, owing, firstly, to the fact of the great activity of trade in this country which is keeping money dear; and, secondly, to the large probable requirements of foreign governments which may have to be met by the London market, in addition to the usual demands of railways, municipalities, etc., in the new and developing countries of the world. We have a fairly wide acquaintance among those who undertake these new issues, i. e., bankers, stockbrokers, and underwriters, and we think it will be only prudent for those intending to embark on schemes involving application to the London market not to do so without first realizing the difficulties they may have to meet and the high rates they are likely to be required to pay. As to the prospects for the present year, prophecy is always a rash and dangerous business, but there is good reason for thinking that a larger area than ever before will this year be under crop, since a greater acreage was summer fallowed last year than in the previous year. Moreover, it is hardly to be expected that we shall see a repetition of the unusually unfavorable weather conditions which prevailed last spring, and which no doubt prevented the seeding of a considerable area. Meanwhile immigration continues on an enormous scale, and from the figures at present to hand it appears likely that the total for the fiscal year ending 31st inst., will amount to 400,000 persons, as against 354,000 in the year ending March 31, 1912. It is of interest to note that immigration into the United States only came up to the figure of 400,000 when the total population in that country was 40 millions. The population of Canada is now only 8 millions, which goes to show how extremely rapid is the growth of Canada at the present time, even when compared with the large growth of the United States in an earlier period of that country's history. It also brings home to us how enormous a development is required in every sort of direction, both public and private, when a country has to provide for an annual increase of population by immigration alone of 5 per cent., that increase consisting, too, in the main of men and women in the prime of life. During the past year Mr. Hoare and Mr. Mayne Campbell have both visited Canada, and have done much valuable work in the bank's interests, for which we are extremely indebted. I now beg to move that the report and accounts be adopted.

Mr. E. A. Hoare—I beg to second the adoption of the report.

The Chairman—If any shareholder has any questions to ask on the subject of the bank's business I shall be very pleased to do my best to answer him.

Mr. Theodore Ellis Williams—Mr. chairman, your speech has been so complete that I have little to ask you in connection with the report before us; in fact, you have already referred to certain points on which I would have asked for an explanation. First let me say, however, that it is generally considered an ominous sign when many shareholders attend a public meeting; on the other hand, it is a sign that the shareholders are absolutely satisfied with the conduct of the business of a company by the directors when but few attend. No such idea has weighed with me in coming here today. I know that during the considerable number of years that I have been a shareholder in the bank you have had but very small meetings, but I have uniformly received such courteous consideration as a shareholder from the board and also as a small customer from the officials of the bank, both in London and New York, and at one or two other branches, that I feel it a pleasing duty to come to see you if I possibly can. You have already explained about the resreve fund and the reserve from bank premises. You referred to the building at Edmonton. I have always thought that you were extremely wise in having your buildings, although of a very useful, substantial and pleasing elevation, somewhat lower than most of the buildings around you, because it has occurred to me that in these Canadian cities which grow so rapidly you have acquired some of the best possible sites with capabilities for the extension of your business premises, should occasion arise, upwards towards heaven. I am only sorry, although I have no doubt you have acted very wisely, that you have put your building at Edmonton as high as four storys.

I think that in most of your banks there are ony one or two storeys, but if you have made them sufficiently substantial, and if Edmonton grows, you can easily extend your building, if you think it more desirable to do so, rather than obtain a fresh site. It strikes me, sir, that you have rather a small proportion of branches in Alberta, but I daresay that has been carefully considered by you. Alberta seems to be going ahead at the present time, and I know that some of the banks have branches in one or two other places, such as Lethbridge and Red Deer, but that is a matter which no doubt you have not overlooked. I was extremely pleased to hear from you that your late general manager, having felt obliged to retire after so many years of useful service to the Bank, has been succeeded by Mr. Mackenzie. I am extremely glad that your choice fell upon him, for when I made his acquaintance in Victoria some years ago—it must be six or seven—I was particularly struck with him. I regarded him as a man of extraordinary capabilities and of boundless energy, always extending the greatest courtesy to all those with whom he came in contact. There are one or two matters, if I am not taking up your time too much, on which I should like to draw an opinion from you, if you see your way to give one, as being indirectly, at any rate connected with the business of the Bank. You probably observe in The Times of last Saturday an article on "Canadian Banking," and a telegram from The Times correspondent on the subject. He seems to think that there is a disposition to oppose the extension of charters except on certain conditions. That is a matter which affects this Bank; although it will not do so for some years, as we have just had the charter renewed. Amongst those proposals that seem likely to be objectionable, but on which you will be better able to form an opinion, are limitation of reserves, inspection by Government inspectors, land banks, rural credit and interference with the rates of interest. It seems to me that in a new and prosperous country, especially one so fortunate as Canada, there is a great desire to obtain capital; but when that capital has been obtained there are a large number of people who are ready to consider only their own interests, rather regardless of those who have provided the capital. Any such action must be very deterrent to the continued inflow of capital to a country. Already I believe your bank, in common with others, meets all the legitimate requirements of those who wish to borrow. It is just possible that banks may see their way to advance on some other kind of security more easily produced by the borrowers, but I do not think that Government ought to interfere in a matter of that kind. It seems to me to be rather a matter for the lenders to satisfy themselves that they are really having adequate security, and we may trust them to be perfectly ready to advance money, it being their business, that from which they obtain most of their dividends, whenever they can see their way to a very good security. This Bank has always had the credit of exacting—I must not go into comparisons, therefore I will say of exacting—a security which would be satisfactory to the board of directors and to the shareholders. The same applies to the rates of interest. Those matters seem to me to be questions of supply and demand as in the case of other goods, and I hope that the Canadians will not press forward any legislation which may hamper the banks to such an extent as to check the flow of capital, which is absolutely necessary for the continuous development of that large and growing country. I do not think, sir, I need take up your time with any more remarks on that subject. Perhaps you can see your way to enlighten us a little.

The Chairman: As regards the various questions that Mr. Williams has raised, I think with reference to Edmonton I may inform him that although our building is only planned for four storeys at the present time, the foundations are being constructed in such a manner that we can always increase it in height if we wish to do so in future. Then, as to the extension of branches in Alberta, I think Mr. Williams may rest assured that we do not in any way overlook Alberta; but, of course, in a country growing as rapidly as Canada is at the present time, it is hardly possible for one bank to cover the whole ground, and the policy is rather to take such favorable opportunities of opening as we feel ourselves able to. With regard to The Times article which Mr. Williams has mentioned, I think all I can say at the present time is that we have studied the Bank Act, and that we can so far see nothing prejudicial in it to our interests. Of course, the difficulties Mr. Williams mentions are all of the future, and if they should occur we must do our best to deal with them. I think that is all I have to say in reply to Mr. Williams, and as no other shareholder has any remarks to make I will now put the question.

The resolution was carried unanimously.

The Chairman: The next business is the election of directors. The directors who retire by rotation have been proposed for re-election, and I will put them to you separately.

Mr. J. H. Brodie, proposed by Mr. G. D. Whatman; Mr. Richard H. Glyn, proposed by Mr. A. E. Hoare; and Mr. F. Lubbock, proposed by Mr. H. J. B. Kendall, were then re-elected.

The Chairman: Before actually asking you to vote on Mr. F. R. S. Balfour's election, I should like to refer to the retirement of our valued colleague, Mr. J. J. Cater, whose resignation was announced in the papers some months ago. Mr. Cater had been a member of the Court for forty years, and his retirement was solely on grounds of health; Mr. Cater no longer feeling himself equal to carrying out the duties involved by his directorship. His resignation was, of course, much regretted by all of us, and we shall greatly miss his wise counsel and ripe experience. In asking you to confirm our action in co-opting Mr. Balfour, I should like to say that in asking Mr. Balfour to join us I feel sure we have secured a man who is thoroughly suitable in every way. Mr. Balfour has had a considerable experience of business in America and Canada, having been for a number of years with our valued customers, Messrs. Balfour, Guthrie and Co., on the Pacific coast, while at the present time he is a director of the London and British North America Co., whose business gives him a close acquaintance with Canadian affairs. He is also a director of the Guardian Assurance Co. We quite expect he will be able to visit Canada from time to time, and so keep in touch with Canadian affairs and with the Bank's business on that side, and we have no doubt that in this, as in other ways, he will prove a useful and valuable director.

Mr. Balfour's election was unanimously confirmed.

Mr. Bischoff proposed the re-election of the auditors, Mr. G. Sneath and Mr. N. E. Waterhouse.

Mr. D. A. Campbell seconded the motion, which was unanimously agreed to.

Mr. Williams: Will you allow me, sir, to rise once more to propose a vote of thanks to you for your able and courteous conduct in the chair, to the board of directors for their careful management of the business of the Bank, and to the London manager, the general manager, the branch managers and all the staff of the bank for their assiduous attention to the duties of their positions, which has brought about a most successful and happy state of affairs.

Mr. Bischoff seconded the motion, which was unanimously adopted.

The Chairman: I thank you, gentlemen, for the kind way in which you have carried the motion, and Mr. Williams for the very kind words which he used in proposing it, and also Mr. Bischoff for seconding it. I am sure we are all very grateful to you.

The proceedings then terminated.

BALANCE SHEET, 30th NOVEMBER, 1912

To Capital .. .. 20,000 Shares of £50 each fully paid.		$4,866,666.66
To Reserve Fund		2,920,000.00
To Deposits and Current Accounts..		39,452,983.06
To Notes in Circulation		4,767,796.42
To Acceptances		7,907,450.16
To Other Liabilities, including Provision for Contingencies		5,948,825.58
To Rebate Account		125,110.28
To Liabilities on Endorsements .	$533,185.35	
To Liability under Guarantee in respect of the Sovereign Bank of Canada	$300.000	
To Profit and Loss Account— Balance brought forward from 31st May, 1912	370,276.89	
Dividend paid October, 1912	194,666.67	
	$175,610.22	
Net profit for the half-year ending this date, after deducting all current charges and providing for bad and doubtful debts . ..	387,904.70	
	$563,514.92	
DEDUCT:		
Transferred to Reserve Fund	$146,000.00	
Transferred to Bank Premises Account . ..	73,000.00	
Transferred to Officers' Widows & Orphans Fund	3,621.08	
Transferred to Officers' Life Insurance Fund	973.33	
Transferred to Officers' Pension Fund	17,740.38	
Staff Bonus.	34,066.67	
		275,401.46
Balance available for April Dividend		288,113.46
		$66,276,945.62

By Cash and Specie at Bankers and in Hand	6,624,619.75	
By Cash at Call and Short Notice	11,396,757.02	
		$18,021,376.77
By Investments — Exchequer Bonds— £310,300, 1915 at cost . ..	$1,505,165.22	
Dominion of Canada 3 3-4 per Cent. Bonds, £250,000 at 99	1,204,500.00	
Other Investments	114,540.47	
		2,824,205.69
By Bills Receivable Loans on Security, and other Accounts		43,811,186.24
By Bank Premises, etc., in London, and at the Branches		1,394,665.34
By Deposit with Dominion Government required by Act of Parliament for Security of General Bank Note Circulation		225,511.58
		$66,276,945.62

We have examined the above Balance Sheet with the Books in London and the Certified Returns from the Branches and find it to present a true statement of the Bank's affairs as shown by the books and returns.

G. SNEATH,
N. E. WATERHOUSE, Auditors

Of the Firm of Price, Waterhouse & Co., Chartered Accountants.

London, 17th February, 1913.

Schlitz Brown Bottle

Scientists Praise It

WAHL-HENIUS INSTITUTE
FERMENTOLOGY
6138-1147 FULLERTON AVENUE
Chicago

April 1, 1911.

Mr. Alfred Uihlein
Schlitz Brewing Co.
Milwaukee, Wis.

Dear Sir:

Answering your favor of recent date in regard to the influence of light on the quality of beer, will say that our observations, extending over the last twenty-five years, have convinced us beyond a doubt that exposure of beer to light has a very detrimental influence on its quality generally, but especially upon the flavor of the beer.

* * *

We have tested beers repeatedly in this direction placing the bottles into direct sunlight, and testing the same after one, two, three and five minutes exposure, found that the beer with three and five minutes exposure became undrinkable on account of the peculiar odor developed.

The detrimental effect of light upon beer can be successfully counteracted by the employment of brown or dark colored glass bottles, and such bottles are therefore recommendable.

* * *

Yours very truly,
RW/B
Wahl-Henius Institute

Extract from letter to Mr. Alfred Uihlein, written by Robert Wahl, President of the Wahl-Henius Institute of Fermentology, Inc., Chicago.

"Beer bottles should be manufactured from reddish-brown glass, inasmuch as same will to a much higher degree than any other kind of glass, minimize the influence of the rays of light on the quality of beer, and will protect the latter against acquiring the disagreeable taste (Sonnengeschmack) due to the chemical action of the light. **

"In white and green glass bottles the beer is most affected by the action of the light. Such bottles are, therefore, absolutely inappropriate and should never be employed by brewers." (Signed) Prof. Dr. F. Schonfeld.

From the Illustrated Brewery Encyclopedia, p. 99 (Illustriertes Brauer el Lexikon). Published by Dr. Max Delbruck, Privy Councillor, Professor at the Royal Agricultural College and Director of the Institute for Fermentology at Berlin. Berlin: 1910.

"Bottles of strong glass should be selected. They should never be of colorless glass, inasmuch as through the influence of light the beer will not only take on a disagreeable odor and taste, but will also become turbid." (Lintner.)

Extract from *Die Malz und Bierbrauung*. Published by E. Leyser, Director of the Brewing Academy in Augsburg. Tenth Edition. Stuttgart, 1906, page 660.

"The beer in the white glass bottle had taken on disagreeable odor and taste and was absolutely undrinkable. The beer in the dark bottles did not show this peculiar odor and taste." (G. Beck.)

Translation of Extract from *Zeitschrift fur das gesamte Brauwesen, 1882—page 370.*

"It is interesting to note the observation that beer in colorless bottles exposed to diffused light will undergo a change, precipitating a heavy sediment and taking on a disagreeable odor and taste."

Extract from *Die Theorie und Praxis der Malzbereitung Bierfabrikation.* Published by Director Julius E. Thausing, Leipzig, 1891. Fourth Edition, page 920.

"It is a known fact that sunlight and daylight influence unfavorably the taste and flavor of the beer and care must be exercised in the selection of the bottles."

J. Brand (Zeitschrift fur das gesamte Brauwesen, 1906, p. 333).

Order a Case Today

'Phone No. 625
John O'Regan
17 & 19 Mill Street
St. John, N.B.

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Schlitz
The Beer
That Made Milwaukee Famous.

THE WORKMAN

whose strenuous labor causes a considerable loss of strength and energy, not only needs substantial food to restore his force and vitality, but also a tonic stimulant such as

Red Cross Gin

Absolutely Pure, Distilled and Matured in Bond under Government Supervision.

It imparts renewed strength and energy thus allowing him to accomplish his arduous task without overtaxing his body.

Each Flask of "Red Cross Gin" bears the Official Stamp of the Government.

Bolvin, Wilson & Co., Limited, Sole Agents, 520 St. Paul St., Montreal.

FINE DAY FOR IT.

The fact that some transformation is being effected on the map of Europe at the present time has not interested at least one Borderer, who remarked the other day that he had never read anything about the war in the Balkans. It recalls the story of the English tourist who at the time of the Japanese-Russo campaign entered into a conversation with a roadman in a remote part of the Highlands by remarking that "this was an awful war."

"Whit war?" asked the man of metal. The astonished tourist explained.

"A-weel," said the roadman, "I ken naethin' aboot it, but they're gettin' a fine day for it."