

that he was fully competent for the performance of those duties, he was appointed manager.

It was decided to establish an inspector's department as a special branch of the service, and Mr. Wadsworth, who had been for many years acting as inspector, with the greatest advantage to the interests of the company, and to the satisfaction of the directors, was named as chief inspector.

Mr. Wedd, who had been for eight years acting as assistant to Mr. Kirk, was appointed chief accountant.

The directors feel confident of the integrity and efficiency of the staff as at present constituted, and while a very important reduction in expense will be effected, the interests of the company will be properly guarded and promoted.

W. P. HOWLAND,
President.

Toronto, 9th October, 1888.

AUDITORS' CERTIFICATE.

To the President and Directors of the London and Canadian Loan and Agency Co. (Limited).

GENTLEMEN,—We have during your financial year ending 31st August, 1888, made our usual monthly investigations of the books and accounts of the company, and have now completed our annual audit. We find the entries have been correctly made and duly vouched, and the cash balances agree with the bankers' books at the above date.

The accompanying statements of "Assets and Liabilities" and "Revenue Account" furnish full information respecting the company's affairs at that date. The several items therein mentioned have been compared with their respective entries in the ledger, and we certify them to be correct.

The amounts due to the company on "loans on call or short date on debentures and securities" are amply covered by the present market value of these securities.

We have examined the mortgages, debentures, and other securities. They agree with their respective entries in the ledger, and the schedules herewith submitted.

We remain, gentlemen, yours faithfully,
JAMES SYDNEY CROCKER, } Auditors.
DAVID HIGGINS, }
Toronto, 3rd October, 1888.

ASSETS AND LIABILITIES, 31st AUGUST, 1888.

Assets.		
Loans on mortgages	\$3,512,975 75	
Properties Account (including \$38,217.36 paid out on company's new building to date)...	195,729 33	\$3,708,705 08
Municipal and other negotiable debentures.....	488,170 88	
Loans on call or short date on debentures and securities....	122,115 38	610,286 26
Interest accrued on investments to date	249,789 62	
Office furniture, etc.	3,463 50	
Sundry debtors	1,441 94	
Cash in hand—		
With company's bankers in Canada	30,923 07	
		\$4,604,609 47
Liabilities.		
Capital stock subscribed, 100,000 shares, at \$50 each, \$5,000,000.00		
Capital stock paid up—14 per cent.	\$700,000 00	
Reserve fund	360,000 00	
Debentures and certificates payable at fixed dates.....	3,387,931 54	
Reserved for interest accrued on debentures and certificates to date	26,250 76	
Sundry creditors, chiefly balances of mortgage loans in course of payment	58,282 01	
Due to company's bankers in Britain.....	18,422 41	
Dividend No. 30, payable 15th September, 1888.....	35,000 00	
Balance at credit of revenue account, carried forward to next year	18,722 75	
		\$4,604,609 47

REVENUE ACCOUNT FOR THE YEAR ENDING 31st AUGUST, 1888.

Dr.		
Cost of management	\$24,723 81	
Commission on debentures issued and loans effected during the year & agency charges	19,346 16	
Debenture and certificate interest paid and accrued to 31st Aug., 1888	\$185,502 74	
Less amount reserved last year for interest accrued on debentures and certificates	27,014 39	158,488 35
Net result of this year's operations after writing off all estimated losses..	\$89,522 39	
Appropriated and proposed to be appropriated as follows—		
Dividend No. 29, paid 15th March, 1888	35,000 00	
Dividend No. 30, payable 15th September, 1888	35,000 00	
Municipal tax thereon	799 64	
Balance at credit of revenue account carried to next year	18,722 75	89,522 39
		\$292,080 71
Cr.		
Balance at credit of revenue account, 31st August, 1887	\$13,058 10	
Less amount voted to president and auditors at the last annual meeting.....	2,300 00	\$10,758 10
Net interest, etc., received and accrued to 31st Aug., 1888	281,322 61	
		\$292,080 71
1888, August 31st—By balance carried to next year.....	\$18,722 75	
		J. F. KIRK, Manager.

The chairman added:—The report submitted to you, and which has just been read, of the company's business, does not show any very important change in the figures, as compared with last report. You will notice, however, that a reduction of \$44,646.38 has taken place in the mortgage investments, as compared with last report. The total amount effected on loan was \$605,586.31, and the total amount paid \$650,227.69, showing a reduction of \$44,646.38.

I may say that this has resulted from the policy wisely pursued, I think, by the directors. For we had only a certain amount of funds to invest, and it was thought under the circumstances prudent to pursue a cautious policy, especially in regard to Manitoba. Our instructions to our local directors were to take nothing that would not form a specially desirable investment.

We had also to consider that the rate of interest on loans was low, especially in Ontario, and we thought it not desirable under these circumstances to attempt to push the business of the company.

We now turn to our debentures. We had a large amount falling due, \$468,120.85, and we renewed and obtained new money to the extent of \$470,416.86, so that the amount of debentures outstanding was increased by \$2,296.01; but I am glad to say in connection with that that the renewals have been effected under very favorable circumstances for the company, the rate of interest being considerably lower as compared with that previously paid, and thus materially improving the condition of the company.

A very satisfactory change has taken place in the item of interest accrued on investments. On this item last year there was \$55,470 overdue; the amount overdue this year is only

\$28,483, showing a reduction of nearly one-half.

Our profits are very little changed from last year. The net profits are \$89,522.39, as against \$86,954.10 of last year, showing an increase of \$2,568.29. We of course have had to pay an increased dividend in consequence of the increase in our stock, the additional dividend paid this year amounting to \$7,000.

Our general expenses have been reduced by about \$2,000.

There have been very important changes, as stated in the report, in respect to our staff. The severance of the lengthened connection of our late manager, Mr. Macdonald, with the company was a serious matter, and was so felt by every member of our board; but it was inevitable, and we found it necessary to meet it in the way we have stated in the report.

A saving on the expenses of our staff has been effected, more than equal to the increased dividend we have had this year to pay. I have every confidence in confirming the statement made in the report, that we have a staff that will perform the duties appertaining to their several positions to the satisfaction of the board and in accordance with the interests of the shareholders.

I made a personal visit, with our chief inspector, to Manitoba, having felt a very strong interest and desire to obtain definite information of the condition of affairs there. We travelled over a large portion of the country, not by railway, but by ordinary conveyances, and made a full and careful enquiry into the condition of the crops, the system of agriculture pursued, and the state of our investments in that part of the country. The result of the visit is, that I think that whilst there will always be a certain amount of disappointment and drawback in consequence of the climate, yet the richness of the soil, which is not surpassed by any in the world, and the excellence of the crops produced, all tend to make that country, and must make it, of immense value. Not only is the wheat crop excellent, but I must say that I never saw such crops of oats and barley in any part of the world, and all kinds of root crops also flourish. The cattle appear to be in first-class condition and present a better appearance than they do in Ontario. With these advantages, and with additional experience, I have no doubt that the farmers will be well rewarded for their labour in that country, and as the country becomes occupied the value of the land will increase. Of course, in making investments in that province, we must be guided by certain facts which it is necessary to bear in mind. We should select certain parts of the country for making these investments, because there is a very great difference in the condition of the climate, caused by altitude, the proximity of lakes, etc., in different parts of the country. We should take as a basis of valuation of the land offered for mortgage, the valuation of the uncultivated land that is being held for sale in that neighbourhood, viz., the current price that is asked for it; then make our valuation a certain percentage below this, and take into account the value of the improvements made thereon. Guided by such principles, I think I should have confidence in the safety and eventual favorable results of investments in that country.

Whilst I was up there with the inspector, our attention was specially given to the properties held by the company. The policy always pursued by us in respect to these properties, has been to place in the books such a valuation of them as was actually warranted, and to write off any portion that was thought requisite; at the same time not crediting up or charging up any interest on properties held in that way. Of course these properties are a drawback to the company, as we are not charging up interest against them. We are making every effort to reduce the amount of the properties held by the company. So far as any property in the shape of farms is concerned, I would say that whilst the sale of lands has been slow, yet there is no doubt our claims will be realized. We have good land there, and the amount advanced is not too large, and you will get your money out of it.

The properties held in Winnipeg occupy a different position, and we are disposing of them as rapidly as possible. When there, I noticed a favorable feature, which is, that the buildings, houses, and stores were much more generally occupied than formerly. Whilst

(Continued on page 453).