

REPORT OF THE DIRECTORS
OF THE
Canada Permanent Building & Savings' Society
OF
THE TRANSACTIONS OF THE SOCIETY

FOR THE TEN MONTHS ENDING JANUARY 31st, 1856.

The Board of Directors beg to submit to the members, at this their first Annual General Meeting, held pursuant to the Rules of the Society, the following Report and Statement of its business and proceedings since its commencement on the 2nd day of April last.

During the ten months which intervened to January 31st, to which time the accounts of the Society are made up, the success of the Society's financial operations has exceeded the most sanguine expectations of its originators. The total number of shares taken up to that time was seven hundred and fifteen and one-half, of which sixteen were withdrawn under the Rules of the Society, one hundred and sixty-four, amounting to £16,400 were advanced on mortgage, and five hundred and thirty-five and one-half, representing a subscribed capital of £53,550 remain as investing shares. The discount allowed to members paying in advance has induced some who did not wish to make periodical subscriptions, to pay the full amount at once, and thus prevent their being called on to make any further payment. In this manner fifty-four and one-half shares have been paid up, such shares being credited with compound interest on the amount paid in advance, in addition to their respective proportionate profits. The income of the Society from its members, which is steadily increasing, already amounts to one thousand pounds per month.

In the Deposit branch of the Society's business, the comparatively high rate of interest, undoubted security, and favorable terms afforded by this Institution, have been sufficient inducements to place at the disposal of the Board a considerable amount of money, the judicious investment of which has materially added to the general profits of the Society. The Directors are of opinion that this branch of the Society's transactions, if kept within proper limits, may be exceedingly advantageous to the Society, while it confers a great public benefit, by affording to the industrious and prudent a safe and ready investment, at a high rate of interest, for their accumulated savings, always available when required.

The receipts of the Society, although unexpectedly large, have scarcely kept pace with the applications for loans at the published rates of re-payment. The best attention of the Board has been given to the character of the security offered, and it is believed that in every instance the Society's claim does not exceed one-half the estimated value of the Real Estate held in security.

In estimating the present value of the Society's Mortgages, a much higher rate of interest has been reserved for future years than has been usually done by respectable institutions of a similar character. In adopting the average rate received as the basis of the calculation, there is retained for the current year the same rate of interest only, which in every future year will be received on the securities held, although by using a lower rate of discount the apparent profits would have been greatly enhanced.

In Building Society Statements it has been usual to discard from the Stock Account the sums paid in under the head of Entrance and Management Fees on investing shares; but there appears to be no just reason why these amounts should not be accounted for to the investors in the same manner as any other sum paid in, and in all the calculations made they have been considered a part of the invested capital.

The Preliminary Expenses incurred in the formation and organisation of the Society, being of a permanent character, have been equally apportioned to the first five years of the Society, one-sixth having been deducted from the proceeds of the first ten months business.