

The Bank of British North America

Established in 1836

Incorporated by Royal Charter in 1840

SEVENTY-EIGHTH ANNUAL REPORT AND BALANCE SHEET

Report of the Directors of the BANK OF BRITISH NORTH AMERICA, Presented to the Proprietors at their Seventy-Eighth Yearly General Meeting, on Tuesday, March 3rd, 1914.

In submitting the Report and Balance Sheet to the 29th November, 1913, the Court of Directors desire to point out to the Proprietors that the changes now introduced into the form of the Balance Sheet have been rendered necessary by the provisions of the Canadian Bank Act, 1913.

It will be seen that the profits for the year, including \$93,446.79 brought forward from 30th November, 1912, amount to \$783,191.89, of which \$194,666.66 was appropriated to a dividend paid last October, leaving a balance of \$588,525.23, which the Directors propose to distribute as follows:—

In the payment of a Dividend of 40s. per share	\$194,666.66
Payable less Income Tax, on the 4th April next.	
Transferring to the Reserve Fund	97,333.33
“ “ Bank Premises Account	97,333.33
And in the Payment of a Bonus of 5 per cent. to the Staff, about	36,500.00
Leaving a balance to be carried forward of	108,437.58

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

The Dividend Warrants will be remitted to the Proprietors on 3rd April next.

Since the last Report Branches have been opened at 150 Mile House, B.C., McGregor Street and Selkirk Avenue, Winnipeg, Man., St. Catharines, Ont., and Sub-Branches at James Bay, Victoria, B.C., Kandahar, Sask., and Queen Street and Beech Avenue, Toronto, Ont.

A Branch has been closed at Forward, Sask., and a Sub-Branch at the Union Stock Yards, West Toronto.

The following appropriations from the Profit and Loss Account have been made for the benefit of the Staff, viz.:—

To the Officers' Widows and Orphans Fund	\$ 7,440.72
“ “ Pension Fund	44,866.95
“ “ Life Insurance Fund	1,946.66

These amounts are for the whole year and include those already set forth in the Statement to 31st May, 1913. London, 17th February, 1914.

The seventy-eighth yearly general meeting of the proprietors was held on Tuesday, March 3rd, at the office of the Corporation, 5 Gracechurch street, E.C., Mr. E. A. Hoare presiding.

The Secretary (Mr. Jackson Dodds) having read the notice convening the meeting.

The Chairman said: Gentlemen, before commencing the business of the day allow me to say a few words on a personal matter. You all miss the familiar figure of our old friend and colleague, Richard Glyn. He was present at the last meeting, but he was then suffering from serious illness, and in the following May he died. Elected in 1866, he had been a director for no less than forty-seven years, and had given his best service to the bank. I also have to inform you with deep regret of the death of Mr. H. J. B. Kendall as recently as last week. He, too, had been a director for many years, having been elected in 1876.

You have already noticed the great changes that have been introduced into the balance-sheet, and after reading the report you understand that they are rendered necessary by the provisions of the Canadian Bank Act, 1913. A model balance-sheet has been drawn up to which all the chartered banks must conform, and, therefore, although we may all of us prefer the simplicity of our old balance-sheet, to which you have been accustomed for so many years, we too must fall into line with all the other banks. My difficulty in addressing you to-day is in making an intelligent comparison of the various figures with those of the preceding year, and if I were to attempt to explain to you the exact meaning of each of the new lines you would, I am sure, be bored. There are, however, certain important items on both sides of the account to which it is necessary to refer, and I hope that I may be able to explain them to you with sufficient clearness. The capital remains the same, and to the reserve fund we add \$97,333.33 out of the profits of the year. The notes in circulation show little variation, being \$107,066.66 above the figures of 1912. The deposits at \$38,227,666.66 are \$1,221,533.32 lower. The explanation of this is to be found in the remarks that I made when I had the honour of addressing you two years ago. I then referred to a larger increase in the deposits than we are accustomed to see, but I explained that included in that total were certain special deposits which we did not expect to be permanent. That is exactly what has happened. Those special deposits have been gradually withdrawn. I may also mention that banking

deposits generally have been about stationary during the past year owing chiefly to the favourable opportunities for investment which always accompany a long period of dear money. Bills payable is the next item calling for comment. This is a new line, and must not be confused with the item “acceptances” in the 1912 balance-sheet. The item “bills payable” includes several important accounts besides “acceptances,” and the “acceptances” are in fact less than one-third of the total. In order that the comparison with 1912 may be presented to you distinctly I give the following figures: Acceptances, included in bills payable, \$2,447,933.33 (these are all drawn in the ordinary course of our exchange transactions, or against securities); acceptances under letters of credit, \$1,790,933.33; total, \$4,238,866.66. Compared with 1912 this shows a reduction of \$3,659,733.33. Our acceptances were, in fact, far below the normal, whereas, without this explanation, they would appear to you to be higher than last year. On the other side of the account you have probably been struck by the apparently wide difference in the “Coin and Bullion” this year, and the “Cash and Specie” of 1912. The difference is accounted for chiefly by the separate line given to “Dominion Notes,” which, being legal tenders, have in the past been included in the cash. “Notes of Other Banks” have in the past been dealt with in the same way. There are also other amounts included in the numerous particulars given lower down, which actually represent cash. I will not weary you by describing them in detail, but I will give you the net result. Had the balance-sheet been made up as before, the “Cash and Specie at Bankers and in Hand” would have shown an increase of \$1,674,133.32. On the other hand, cash at call and short notice would have shown a decrease of \$2,073,200. Bank premises show a further increase of \$301,733.33, after appropriating \$97,833.33 for this account out of the profits of the year. The necessity for this expenditure has already been explained to you so fully that I may avoid repetition. It is, however, interesting to trace the course of the premises account during the last ten years. On December 31, 1904, the premises account stood at \$876,000.00; on November 30, 1913, the premises account stood at \$1,693,600.00, an increase of \$817,600.00. In addition to this we have appropriated out of the profits during this period \$632,666.66, so that the actual expenditure on premises during the ten years has been \$1,450,266.66, which we think has been fairly divided between the present generation and posterity. Another new