

We hereby certify that we have made a regular audit of the books of the Dominion Savings and Investment Society, during the year 1895. The cash, bank accounts and vouchers have been kept under careful examination. All postings have been checked quarterly. All entries in the society's ledgers have been verified. Securities have been examined and found in order, and the accompanying statements of "Profit and Loss," and "Assets and Liabilities," are a correct showing of the affairs of the society.

C. R. SOMERVILLE, } Auditors.
J. K. McDERMID, }

London, January 29th, 1896.

ONTARIO LOAN AND DEBENTURE COMPANY.

The twenty-fifth general annual meeting of the shareholders of the Ontario Loan and Debenture Company was held at the company's office, London, Ont., on Wednesday, the 12th inst.

The following shareholders were present, viz.: Messrs. John McClary, A. S. Emery, William Bowman, William McDonough, W. A. Gunn, Albion Parfitt, A. M. Smart, Albert O. Jeffery, John G. Richter, P. W. D. Broderick, &c., &c. The president, Mr. John McClary, was in the chair. The manager, Mr. William F. Bullen, acting as secretary.

The annual report, as follows, was taken as read:—

REPORT.

This company has now been in existence for a quarter of a century. Your directors, therefore, have the pleasure of submitting the twenty-fifth annual report and balance sheet for the year ending 31st December last.

The sum of \$506,113.99 has been loaned, and \$742,083.85, principal and interest, has been repaid. Your directors, in view of the continued steady decline in the rate of interest, have found considerable difficulty in procuring satisfactory investments and at paying rates.

The net earnings are \$95,705.66, as compared with \$102,284.21 the previous year. After paying the usual dividend, at the rate of 7 per cent., the sum of \$12,000 has been added to the Reserve Fund.

Properties foreclosed and owned, and properties brought to sale and unsold at the end of the year, show a slight decrease, and are as set forth in the accompanying accounts.

The rate of interest on all our borrowed capital is being gradually reduced. All maturing debentures are either renewed at lower rates or paid off. Sterling debentures outstanding at the end of the year amount to £357,305, as compared with £367,992 at the end of the previous year—showing a decrease of £10,687, while currency debentures have increased \$34,400 during the same time.

We have again to acknowledge the valuable services of our financial agents in Scotland, Messrs. Mylne & Cook, C.A., of Edinburgh.

All of which is respectfully submitted.

JOHN MCCLARY,
President.

REVENUE ACCOUNT.

Interest on Sterling debentures.....	\$ 69,218 38
Interest on currency debentures	9,350 26
Savings bank interest	19,439 02
Expenses connected with Sterling debentures	6,160 43
Commission and expenses in connection with loans.	3,533 93
Expenses of management ..	16,230 71
Income tax paid	1,729 29
Dividend No. 63, paid July 2nd, 1895.....	42,000 00
Dividend No. 64, due January 2nd, 1896.....	42,000 00
Carried to Reserve fund	12,000 00
Balance carried forward	584 85
	\$222,246 87

FINANCIAL STATEMENT.

Assets.

1. Mortgage on real estate.....	\$3,594,808 88
2. Loans on debentures	136,896 08
3. Loans on this company's stock	50,950 60
4. Real estate foreclosed and owned	29,500 00
Real estate, brought to sale and unsold.....	56,177 44
5. Office premises (freehold)	72,000 00

6. Cash with Bank of Scotland..	2,893 20
7. Cash with banks in Canada..	266,466 89
	\$4,209,693 09

Liabilities.

Liabilities to the public—	
Sterling debentures.....	\$1,738,887 57
Accrued interest on same	17,394 75
	\$1,756,282 32
Currency debentures	\$224,751 00
Accrued interest on same	3,373 69
	228,124 69
Savings bank deposits	520,701 23
	\$2,505,108 24
Surplus.....	\$1,704,584 85
Liabilities to the shareholders—	
Capital stock, paid up	\$1,200,000 00
Dividend No. 64 (since paid).....	42,000 00
Reserve fund	450,000 00
Carried to do.....	12,000 00
Balance at credit of Revenue account..	584 85
	\$1,704 584 85

WILLIAM F. BULLEN,
Manager.

To the Shareholders of the Ontario Loan and Debenture Company:

We hereby certify that we have audited the books and accounts of the Ontario Loan and Debenture Company for the year 1895, comprising a monthly cash audit and the verification of the postings and balances in all the company's books, and we find the whole correct and in accordance with the above statements. We have also examined the securities, and find them in order.

GEO. F. JEWELL, F.C.A., } Auditors.
A. M. SMART, }

London, Ont., Jan. 20th, 1896.

The president, in moving the adoption of the annual report, said: "I may say that the financial statement in the hands of the shareholders speaks for itself. I think I am warranted in assuming it to be highly satisfactory in view of surrounding conditions. There never was a time when greater care was required and has been bestowed by your directors in scrutinizing the business of the company. Our securities are in good shape. All properties on hand and unsold at the end of the year have as usual been carefully re-valued and reported on by the company's inspectors and taken into account at their valuations, and I am led to think it would be a good investment for a private capitalist to take over the entire quantity at the prices placed on them. I need not remind our shareholders that not all the good things in life are confined to one business. The average early investors in loan company's stocks, when the rate of interest was high, have enjoyed good dividends with increased value of their shares. Desirable, secure dividend-paying stocks for permanent investment in this country have been limited. Loan companies have been for many years a favored investment to such an extent that it has enticed excessive capital from less productive investments, resulting in lower rates of interest and reduced earnings for the company. The depreciation in values of the products of the farm has resulted in a steady depreciation in the value of farm properties, with very little changing hands, consequently a light demand for money for purchasing. In my judgment, there never was so favorable a time for purchasing farm property. Our farms are among the most desirable in the world, considering soil, climate and rainfall. I feel called on to impress on our shareholders, if the present low rates of interest for money continue, it will mean reduced dividends. No successful merchant, manufacturer, banker or loan company can continue to be a success unless they are able to successfully compete for the most desirable business, which means the lowest current rates on a high class of security. Lending on less desirable security with increased rates means the endangering of the capital of our shareholders, many of whom depend on their dividends for a living. A man with his own capital, providing he is in a position to suffer a possible loss without serious injury, may legitimately take risks that it would be imprudent for us to take. In a

company of this kind I deem ample security should be our first consideration. If shareholders are compelled to accept reduced earnings in keeping with the reduced earning power of money, they have to accept the inevitable. This company with its large reserve fund should always be able to pay in dividends one per cent. higher than the current loanable rates for money on a high class of real estate security, and still make a substantial annual addition to the reserve fund. If any shareholder requires any further information I shall be pleased to give it to him.

"I will now move the adoption of the report."

The vice-president said:

"Before seconding the adoption of the report, I would say that when we take into consideration the excessively low rates of interest prevailing the past year, together with the difficulty of making desirable loans, the report, I think, will be found a favorable one. For some time heretofore we have found it necessary to have our own inspectors make personal inspections and valuation of nearly every property which has been offered for a loan before advancing the money; this somewhat increases the expenses, but it is the only safe course to pursue. The large sum of \$724,000 has been repaid by borrowers during the year, and speaks well as to the care exercised by your directors in the selection of securities. The properties foreclosed and owned, and properties brought to sale and unsold at the end of the year, are nearly all temporarily leased, and yield a fair rate of interest on the investment. These properties have each been re-valued and taken in at such figures as, should there be a reasonable demand for farms, will insure a speedy sale. I fully concur in the remarks of the president.

"I will now second the adoption of the report."

The motion adopting the report was carried unanimously, and the retiring directors, Messrs. John McClary, A. S. Emery, William Bowman, William McDonough and W. A. Gunn, were re-elected for the ensuing year.

Messrs. George F. Jewell, F.C.A. and A. M. Smart were re-appointed auditors for the ensuing year.

At a subsequent meeting of the board, Mr. John McClary was re-elected president, and Mr. A. S. Emery, vice-president.

MERCANTILE FIRE INSURANCE COMPANY.

The twentieth annual meeting of stockholders of the Mercantile Fire Insurance Company was held at Waterloo, Ont., on January 25th, 1896, the president, I. E. Bowman, M.P., in the chair, and Mr. James Lockie acting as secretary. The directors' report and financial statements were read, as follows:

REPORT.

We, your directors, desire to submit for your consideration the following report of the affairs of our company as at the 31st of December, 1895.

During the past year 11,145 policies and renewals were issued for insurance amounting to \$13,804,438, on which we received the sum of \$179,125.44. We also received the sum of \$7,438.51 for interest on our investments, which makes our total receipts for the year \$186,563.95.

Our expenditures for the year are as follows:	
Paid losses for the year 1895.....	\$109,072 65
Agents' commissions and bonuses..	33,071 72
Salaries and directors' fees.....	6,364 60
Adjusting losses and inspecting risks	1,997 13
Re-insurance and cancelled premiums	30,217 25
Books, stationery, postage, printing and advertising	2,208 99
Government charges	186 97
Rent, taxes and light	909 35
Dividend No. 22 for six months ending 30th June, 1895	2,000 00
All other charges	1,021 77
	\$187,050 43

The total insurance in force on the 31st December, 1895, was \$17,792,621, and the re-insurance liability thereon, \$82,598.69.

At the end of 1894, finding that this company's farm business had been steadily unprofitable for the past ten years, we stopped insuring that class, excepting in three agencies, and being unable to sell out that business to any