

The Bank of British North America

Established in 1836

Incorporated by Royal Charter in 1840

Paid-Up Capital, \$4,866,666.67. Reserve Fund, \$3,017,333.34

Eightieth Annual Report and Balance Sheet

Report of the Directors of the Bank of British North America,
Presented to the Proprietors at their Eightieth Yearly General
Meeting, on Tuesday, March 7th, 1916.

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

It will be seen that the profits for the Year, including \$167,081.66 brought forward from 30th November, 1914, amount to \$495,677.00, of which \$194,666.66 was appropriated to a dividend paid last October, leaving a balance of \$301,010.34 out of which the Directors propose to declare a Dividend of 30s. per Share, payable, less Income Tax, on 7th April next, leaving, after the special appropriations mentioned in the Balance Sheet, an amount of \$52,175.71 to be carried forward.

The above Dividend will make a distribution of 7 per cent. for the Year.

The Dividend Warrants will be remitted to the Proprietors on the 6th April next.

During the year ended 30th November last, the following six Branches and Sub-Branches have been closed: Fort George, B.C. (transferred to Prince George, B.C.); Lytton, B.C.; James Bay, Victoria, B.C.; Bella Coola, B.C.; Mount Dennis, Ont.; and Burdett, Alta.

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	\$ 8,727.63
To the Officers' Pension Fund	47,628.62
To the Officers' Life Insurance Fund	7,786.66

London, 24th February, 1916.

The Bank of British North America BALANCE SHEET, 30th NOVEMBER, 1915

LIABILITIES	
Capital—20,000 Shares of £50 each fully paid	\$ 4,866,666.67
Reserve Fund	3,017,333.34
Dividends Declared and Unpaid	5,219.46
Profit and Loss Account	
Balance brought forward from 30th November, 1914	\$161,748.32
Dividend paid April, 1915	194,666.66
	\$167,081.66
Net Profit for the year ending this date after deducting all current charges and providing for bad and doubtful debts partly from undivided profit	328,595.34
	\$495,677.00
Dividend paid October, 1915	194,666.66
	\$301,010.34
Deduct:	
Transferred to Bank Premises Account	\$ 923.34
Transferred to Officers' Widows and Orphans Fund	8,727.63
Transferred to Officers' Life Insurance Fund	7,786.66
Transferred to Officers' Pension Fund	47,628.62
Canadian Patriotic Fund	666.66
Canadian War Tax on Circulation (\$37,051.71)	37,051.71
	102,834.62
Balance available for April Dividend	198,175.72
Notes of the Bank in Circulation	4,733,233.94
Deposits not Bearing Interest	18,150,685.36
Deposits Bearing Interest, including Interest accrued to date	26,077,647.03
Deposits due to Banks and Banking Correspondents in the United Kingdom and Foreign Countries	397,606.31
Bills Payable	1,536,798.60
Acceptances under Letters of Credit	1,197,794.95
Liabilities and Accounts not included in the foregoing	1,312,514.98
Liability under Guarantee in respect of the Savings Bank of Canada	806,675.41
	\$100,000.00
	\$61,513,696.33
ASSETS	
Current Coin and Bullion	\$2,036,138.67
Domestic Notes	8,540,160.82
Notes of other Banks	\$10,576,299.49
Cheques on other Banks	460,411.08
Deposits due by other Banks in Canada	2,169,299.29
Deposits due by Banks and Banking Correspondents elsewhere than in Canada	7,360.49
Domestic and Provincial Government Securities not exceeding Market Value	1,652,789.82
Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian—(including £300,000 Exchange Bonds, £100,000 3½ per cent. War Loan, £200,000 4½ per cent. War Loan and £210,000 British Treasury Bill. All the War Stocks taken at cost)	111,160.01
Railway and other Bonds and Stocks	4,430,970.44
Call and Short Loans in Canada on Bonds, Debentures and Stocks	92,988.55
Call and Short Loans elsewhere than in Canada	1,472,759.02
Other Current Loans and Discounts in Canada (less Rebate of Interest)	5,526,216.66
Other Current Loans and Discounts elsewhere than in Canada (less Rebate of Interest)	23,267,045.87
Liabilities of Customers under Letters of Credit as per contracts	6,214,693.12
Real Estate other than Bank Premises	1,197,794.95
Overdue Debts (estimated Loss provided for)	8,519.54
Bank Furniture at not more than Cost, Less Amounts Written off	241,802.52
Deposits with the Canadian Minister of Finance for the Purpose of the Circulation Fund—(Domestic of Canada 3½ per cent. Bonds, £250,000 at 95)	2,280,654.73
Cash	1,166,479.17
	232,248.08
	1,398,727.25
Other Assets and Accounts not included in the foregoing	408,813.50
	\$61,513,696.33

H. H. JACKENIE, General Manager

E. A. HOARE, G. D. WHATMAN, Directors

We have examined the above Balance Sheet with the Books in London, and the Certified Returns from the Branches, and we report to the Shareholders that we have obtained all the information and explanations we have required and that in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank. As required by Section 76, Clause 19, of the Bank Act of Canada, we visited the Chief Office (Montreal) of the Bank and checked the cash and verified the securities and found that they agreed with the entries in the books of the Bank with regard thereto. We further report that in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the books and returns.

London, 24th February, 1916.

N. E. WATERHOUSE, FRANK S. PRICE, Auditors.

til such share is fully paid. All unpaid calls draw interest at 10 per cent. and if still unpaid one year from date of call such shares are cancelled. Special calls on stock of the same size as the regular annual call may be made on fifteen days' notice. This matter of capital caused some difference of opinion. Theoretically under real co-operative principles, the first payment should be sufficient, but the directors thought further calls resulting in accumulated capital would better guarantee the future of the association. The association feels sure of its financial backing as long as the present bank manager is at Elfton, but they have also had dealings with other managers and know there is a vast difference between the knowledge of the working of co-operative principles among these managers and a vast difference in their interest in farmers and desire to advance constructive work in the community. Hence, it was arranged that in case the support of the bank might become lukewarm, or even cold, enough capital might be accumulated to enable someone else to loan money on the same security. This money also might be earning seven per cent. instead of three as at present. As a matter of fact the money already paid on stock is at present out on loans. It would seem to have been better to have kept part of this in the treasury as a regular guard against contingent financial embarrassment.

Even with the most favorable bank manager a certain amount of surplus capital is desirable to take up doubtful notes and square-up with the bank in case any farmer falls down. These it would appear are very good reasons for gradually collecting a little extra capital.

A Natural Growth

Since the first charter members joined no new members have been solicited, but all have come in of their own initiative. To fill the applications that steadily came in it was thought would furnish sufficient growth. In the spring of 1915 the association had applications on file for about 100 head, but these were not filled, partly because the directors thought the market price was too high then to ship in to advantage and partly because difficulty was experienced in finding a suitable buyer at the remuneration offered, as everyone was very busy on the land. As summer advanced the district was faced with a fodder shortage and right here the Exemptions Act set in leaving doubt as to the association's mortgage security, and very few more applications were filled.

Probably as important a reason as any for slow growth at this time was that the directors were quite content to see how the experiment worked out before assuming much larger responsibilities. Some \$6,500 had been advanced up to this time and its repayment was quite as interesting and important as further extension. Demonstration that the farmers not only appreciated the benefits of co-operative credit but could handle the money to advantage when they got it was important. It is gratifying to know that up to the end of the year the payments have been good, over 30 per cent. being paid up.

Social Benefits and Lessons

In addition to the material benefits mentioned, the association has had a marked social improvement. The settlers here are mostly Irish, with some English and Scotch. Distinctly greater knowledge of, respect for, and harmony with each other have resulted from mixing in a business way thru the association and at the bank.

More liberal financing, such as mentioned before, probably some different arrangement of distribution of capital, would effect an improvement. The movement has been a real success so far and has created a different attitude to the bank altogether at this point. There is a distinct lesson here for both farmers and bankers. The farmers' lesson is, that co-operation, pooling of credit and responsible management thereby furnishing absolute security will, or ought to, get money from any bank that has any legitimate right to be in the banking business and at reasonable rates, but not necessarily at lower rates than other lines of