PROFIT AND LOSS ACCOUNT for half year ended 30th June, 1913

By discounts on agreements earned........		$10,478 53
By interest		24,316 27
By transfer fees		6 00
To expenses..................................	$ 4,789 93	
To balance carried down............	30,010 87	
		$34,800 80
By balance from 31st Dec., 1912		$13,371 90
By balance brought down, being net profit for the half year		30,010 87
To appropriation, viz.:—		
Dividend No. 6 at 9% per annum for half year	$21,106 60	
Amount transferred to reserve	19,471 85	
To balance carried forward	2,804 32	
	$43,382 77	$43,382 77

RESERVE ACCOUNT as at 30th June, 1913

By premium account as at 31st Dec., 1912	$14,408 28
ADD—Premiums received during half year to date	5,570 00
	$19,978 28
LESS—Commissions on shares	4,450 13
	$15,528 15
Profit and loss appropriation.................	19,471 85
	$35,000 00

COMPARATIVE STATEMENT

ASSETS

	31st Dec., 1910	31st Dec., 1911	31st Dec., 1912	*30th June, 1913
Loans	$42,139 00	$211,392 06	$519,278 24	$557,890 98
Interest accrued	736 03	3,331 17	11,104 74	12,940 11
Cash on hand	—	—	11,342 03	1.582 44
Bank	1,104 60	4,708 27	3 56	—
Office furniture	—	—	24 00	—
Organization expenses	1,457 00	6,059 27	—	—
	$45,436 63	$225,490 77	$541,752 57	$572,413 53

LIABILITIES

	31st Dec., 1910	31st Dec., 1911	31st Dec., 1912	*30th June, 1913
Capital subscribed	$143,900 00	$346,700 00	$990,000 00	$1,000,000 00
Capital paid up..	$31,139 60	$147,283 15	$410,755 56	$482,418 19
Bills payable	8,818 83	53,135 95	60,729 19	5,564 46
Deposits	—	—	2,000 00	4,299 18
Interest accrued	—	432 00	—	—
Accounts payable	520 04	125 00	—	38 00
Reserved for unearned discounts	3,942 84	12,823 37	23,759 46	21,182 78
Dividends unpaid	—	9,186 24	16,586 04	21,106 60
Suspense	—	—	142 24	—
Premium account...............	—	—	14,408 28	—
Reserve	—	—	—	35,000 00
Profit and loss	1,015 32	2,505 06	13,371 90	2,804 32
	$45,436 63	$225,490 77	$541,752 57	$572,413 53

* Owing to the fiscal year of the Company being changed, the statement as of 30th June, 1913, is for six months only.

ADJUSTMENT OF CAPITAL DEMAND TO SUPPLY

Three Years' Activity Due to Development of Backward Countries—Canada's Borrowings—Discrimination is Difficult

The would-be borrower on the London market is finding it almost impossible to get new issues underwritten at any price. London is the chief capital market of the world, so that this action of London underwriters is of world-wide significance, comments the London Economist. These remarks confirm the statement made on another page of this issue, in reference to the difficulty in restraining would-be borrowers and should be heeded. As regards investments abroad, the capital raised has gone (if not into war) into new enterprises, which will not be immediately reproductive. Many of them will require the expenditure of more capital to bring them to the profit-earning stage. Money spent in building a hydro-electric station, for instance, or in irrigating a tract of dry land is capital wasted if the respective expenditure stops short before current can be generated, or the dykes can be filled with water. The expenditure must go on.

Limit to Development.

The trade activity of the past three years is due very largely to the development of the resources of backward countries. The great volume of our exports is most certainly due in part to capital investment abroad. To complete their programmes, the directors of big enterprises abroad are relying upon their ability to borrow more upon the ultimate prospects of the enterprise. The money is not being wasted in the majority of cases; it is being exchanged for goods in this country, and for labor in the developing countries.

But their is a limit to the rate at which new countries may develop, and it is determined by the rate at which the surplus capital of the older countries accumulates.

All countries in course of rapid development live for the time being by borrowing from old and wealthy nations. Canada, for instance, has been taking about £40,000,000 per annum lately in exchange for securities issued publicly in London, and this is quite apart from the very large sums which must have been invested there by insuring companies, private individuals, and in other undisclosed ways. The expenditure of this money has given employment to numbers of people, directly, in the building of railways, roads, factories and power plants, and has also employed an even greater number indirectly in older enterprises able to supply materials for building of new. The Economist refers to the effect when this inflowing stream is cut off and loans are curtailed and it adds that with the usual sources of capital run nearly dry, with industry at home finding full employment for all its liquid resources, it is evident that the applications for new capital must undergo some restriction.

Better for a Fast.

It is an easy and obvious remark that underwriters will be the better for a fast until the capital accumulations of the community catch up with the demand, but anything more than a postponement of new issues is not easily brought about. What is wanted is not postponement, but an adjustment of the demand for capital to the inelastic supply, and, above all, a cessation in the frightful waste caused by the Balkan war.

The investor's confidence is not shaken, and if he has the money, he is ready to place it in anything which offers the prospect of a high return. If that confidence is to be maintained, the demands for capital must be restricted to those necessary to bring enterprises already begun to the reproductive stage. Strictly new enterprises can wait until capital is available for their development. The exercise of this discrimination, however, is not an easy matter.

The Anglo-Canadian Leather Company, Limited, has increased its capital stock from $2,000,000 to $5,000,000, such increase to consist of 30,000 shares of $100 each.