

THE LEGAL RIGHT TO ESTABLISH A RESERVE FUND.

The policy of setting aside a portion of the profits of a joint stock company to constitute a Reserve Fund, or Rest, has often been challenged, so far as the amount to be set aside for this purpose is concerned. But the principle involved, which is the right of a board of directors to create a reserve fund, has not been contested until recently. The case in which the point was raised and settled is, therefore, of much interest. It arose over a dispute between the shareholders in "The Black & White Publishing Company," London, which issues the weekly paper, "Black & White." It has a capital of \$475,000 in ordinary shares, and \$25,000 founders' shares. By the articles of association, "the profits from time to time available as dividend" were to be divided in certain proportions between the two classes of shares. The profits since the company was founded in 1890 were very small, hence considerable dissatisfaction existed amongst the stockholders. Last year, owing to the demand for war pictures, the profits were enough to pay 12 1-2 per cent. on ordinary shares, after writing off \$10,000 from suspense account, and applying \$35,000 to establish a reserve fund. To this appropriation of \$35,000, the holders of founders' shares objected, which they contended was contrary to the articles of association, which made no provision for any other distribution of profits other than payment of dividends. On application to a lower Court, an injunction was issued restraining the directors from establishing a reserve fund. The Court of Appeal has reversed this decision. The judges were agreed that the phrase "profits from time to time available as dividend," as used in the articles of association, means, not gross profits, but such net profits as are left after proper deductions have been made at the discretion of the directors. The Court of Appeal declared that, "A provision for reserve out of profits is a perfectly proper provision, and, in this case, there was nothing in the articles of association to set aside the clause in the Companies' Act of 1862, by which directors are expressly authorized to set aside such a sum out of the profits as they think proper to create or increase a reserve fund." The judgment of the Court of Appeal has given considerable satisfaction in English financial circles, as it establishes the right of directors to make provision for contingencies by devoting a portion of profits for constituting or augmenting a reserve fund.

CLASSIFICATION OF CANADA'S EXPORTS TO IMPORTS FROM GREAT BRITAIN.

We have before us the Trade and Navigation Returns of the United Kingdom for the present year up to the 1st inst., in which the imports are classified both as to their nature and the country from which they were received. We have also the latest returns of exports and imports issued by the Canadian

Government, which are made up to August last, but in which there is no classification of the countries to which they were sent or from which they were received. The much greater completeness of the British returns is very striking, they are published made up, three months later than those of Canada, and in much greater detail; they have also comparisons which are lacking in the Ottawa tables. We invite the attention of the Government to these contrasts; at the same time we recognize how much more complete and more carefully compiled are the returns of the Department of Trade and Commerce this year than ever before. But, the Ottawa officials have rather given themselves away, for the marked advance they have made recently, proves their ability to bring the returns of the Department fully up to the British standard in detailed classification and early publication. From the British Trade and Navigation Returns we extract the following details of the imports into England of goods from Canada this year as compared with 1899:

Articles from Canada	Imports 1900 \$	Imports 1899 \$	Increase or Decrease \$
Cattle.....	8,602,100	7,648,200	Inc. 853,900
Sheep.....	248,500	468,240	Dec. 279,740
Wheat.....	10,542,600	8,501,000	Inc. 2,041,600
Flour.....	2,754,560	5,592,000	Dec. 2,837,440
Oats.....	1,968,640	Inc. 1,858,640
Corn.....	4,870,600	5,293,420	Dec. 422,820
Bacon.....	5,171,854	3,540,160	Inc. 1,631,694
Hams.....	2,103,100	1,395,400	Inc. 707,700
Butter.....	3,136,010	5,428,860	Dec. 7,292,850
Cheese.....	18,060,400	14,400,100	Inc. 3,660,300
Eggs.....	1,160,200	927,400	Inc. 232,800
Fish.....	4,576,100	3,143,890	Inc. 1,432,110
Copper ore..	610	973	Dec. 360
Pulp of wood.	1,122,696	621,080	Inc. 501,613
Wood and Timber...	2,922,500	2,671,000	Inc. 251,500
Wood farm..	21,707,980	20,192,400	Inc. 2,715,580
Totals.....	89,138,455	79,924,223	Inc. 9,314,222

The exports from Great Britain to Canada this year, up to 1st inst., appear in the Trade and Navigation Returns as below:

Articles sent Canada	Exports 1900 \$	Exports 1899 \$	Increase or Decrease \$
Spirits.....	957,200	820,060	Inc. 137,140
Wool.....	1,201,656	120,585	Inc. 81,071
Cotton goods grey.	249,584	48,350	Inc. 201,234
Pieces goods b'each hed.....	498,500	309,425	Inc. 189,075
" Printed.....	864,100	817,390	Inc. 46,710
" Dyed.....	1,426,080	1,256,880	Inc. 169,200
Jute goods.....	663,540	516,696	Inc. 146,844
Linen goods.....	811,694	778,840	Inc. 32,854
Woollens.....	2,669,180	2,507,680	Inc. 161,500
Carpets.....	1,041,000	886,690	Inc. 154,310
Cutlery.....	271,883	248,187	Inc. 23,696
Hardware.....	129,986	96,920	Inc. 33,066
Implements.....	219,898	181,575	Inc. 38,323
Iron, all Classes..	1,282,188	2,135,759	Dec. 853,571
Tin plates & c....	1,817,900	1,296,988	Inc. 520,912
Steel.....	682,750	701,646	Dec. 8,896
Lead.....	118,450	217,860	Dec. 99,410
Apparel.....	734,010	746,200	Dec. 12,190
Chemicals & Oils.	760,490	573,000	Inc. 187,490
Cement.....	282,890	191,160	Inc. 91,730
Earthenware.....	638,869	631,860	Inc. 7,009
Paper.....	227,010	141,684	Inc. 85,326
Totals.....	16,547,958	15,225,435	Inc. 1,322,523

The increase of our foreign trade this year is evidently to a large extent of a British character.