

**European Assurance Society.**

Established.....A. D. 1849.

Incorporated.....A. D. 1854.

Capital.....£1,000,000.....Sterling.

Annual Income, over £330,000 Sterling

**THE ROYAL NAVAL AND MILITARY LIFE DE-**

partment is under the Special Patronage of

Her Most Gracious Majesty

**THE QUEEN.**

The EUROPEAN is one of the largest LIFE ASSURANCE Societies, (independent of its Guarantee Branch), in Great Britain. It has paid over Two Millions Sterling, in Claims and Bonuses, to representatives of Policy Holders.

The Society have appointed the undersigned to be their Agent for the Dominion of Canada.

Assurers are requested to pay their Renewal Life Premiums as hitherto, either to him direct, or through any of the various Agents of the Society in the country.

**EDWARD RAWLINGS**

Chief Agent European Assurance Society, Montreal.

Agent in Toronto,

**W. T. MASON,**

15-17

ONTARIO HALL.

**Berkshire Life Insurance Company,**  
OF MASSACHUSETTS.

MONTREAL OFFICE:

6 GREAT ST. JAMES STREET.

INCORPORATED 1851—SECURED BY LAW.

AMOUNT INSURED.....\$7,000,000.  
CASH ASSETS.....ONE MILLION DOLLARS.

\$100,000 deposited with the Receiver General of Massachusetts for the protection of Policy holders.

ANNUAL INCOME.....\$500,000.

\$100,000 divided this year in cash amongst its Policy holders.

**Montreal Board of Referees:**—Hon. Geo. E. Cartier, Minister of Militia; Wm. Workman, Esq., President City Bank; Hon. J. O. Bureau, M.C.S.; E. Hudon, Esq. & Co.; John Torrance, Esq., Merchant; James Ferrier, Jr., Esq., Merchant; Edward Carter, Esq., Q.C., M.L.A.; C. D. Proctor, Esq., Merchant.

**Examining Physicians:**—J. Emery Coderre, M.D., Professor of Materia Medica, &c., &c., of the School of Medicine and Surgery, Montreal, and of the Faculty of Medicine of the University of Victoria College; William Wood Squire, A.M., M.D., Graduate of McGill College; Francis W. Campbell, M.D., L.R.C.P., London.

For a sufficient test of merit we beg to state since the commencement of this old and reliable company in Canada, we have had the pleasure of insuring members of Parliament, some of the leading legal talent, and amongst numerous others, several of the leading merchants in this city.

This Company was the Pioneer Company of the non-forfeiture principle, and still takes the lead for every Policy it issues is non-forfeitable after one payment. The Company is now erecting a new stone building, five stories in height, at the cost of \$100,000, similar to the Molson's Bank of this city, but of much larger capacity, having 75 feet front, and 116 feet depth, containing three Banks, some Express Offices, and the Post-Office, yielding about \$8000 income, annually, all of which is the accumulating property of every Policy-holder.

The Company has issued nearly 2,000 Policies since the 1st January, 1867, which is the largest number, in comparison to the expenses, of any Company in Europe or America.

Such are the Results of the Cash System.

Full particulars, history of the Company, Rates, &c., can be obtained at the Managing Office for the Canadas.

**EDW. R. TAYLOR & Co.,**

20 Great St. James St. (over Pickup's News Office).

THE CANADIAN MONETARY TIMES AND INSURANCE CHRONICLE is printed every Thursday Evening, in time for the English Mail.

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**The Canadian Monetary Times.**

THURSDAY, SEPTEMBER 24, 1868.

**BANK STATEMENTS AND STERLING BILLS.**

In directing attention to the duties and responsibilities of Bank directors, we urged the necessity of a careful and intelligent supervision of the bank affairs, free, on the one hand from mere prying curiosity and injudicious interference with the rights of the cashier, and on the other, from passive inattention to the banks' position and interests. We also condemned a too careless acceptance of mere general information, as if that were all which is entailed upon directors by their office. It is true that a cashier has a great deal of power, and if his character and ability be such as to command respect, his suggestions and advice will have the greatest weight with his directors. The latter being selected for their respectability or business knowledge, are supposed to bring to bear supervisory powers which derive value from their experience in business, but their acquaintance with banking principles is, of course, limited, and their knowledge of detail in the bank's operations must of necessity be imperfect. They have not time to examine every transaction thoroughly even if they had the opportunity. They express opinions and adopt resolutions as to future action, and the cashier has upon his shoulders the onus of working out their wishes. Such being the case, one can easily understand how important it is to have carefully prepared statements submitted to them. In some banks the statements are of such a character that the directors can at once appreciate the nature of the business done, not only in the aggregate, but in elaborate details which their business experience can grasp and dissect. It is for them to insist upon such statements as convey the necessary information being produced by the cashier, and it is for the cashier to devise such forms of statement as will place affairs in the clearest light. When we remember that directors are not only called upon to give judgment on

the advisability of increasing or decreasing accommodation to individual customers, but also to understand the bank's relative powers and position in the ever changing aspects of the trade of the country, and even its safety in times of financial difficulty, we can estimate the value of full and accurate information.

It may fairly enough be assumed that no better or truer statement of a bank's position could be desired by a director, than the general balance sheet with a synopsis of the particular accounts which appear on it. To that one would naturally look for information, and probably no better guide could be suggested for acquiring a general knowledge of how the bank's affairs really stand. There is, however, an important particular in the preparation of those balance sheets which renders them an unreliable guide without explanation from the cashier. They are supposed to show the whole of the bank's liabilities and the whole of its assets, but we contend that they do not serve that purpose. By a strange anomaly, bills discounted which happen to be drawn payable in Europe, never appear on the balance sheet at all. No matter what may be their number, their character, or their amount, not one of them is seen under the proper heading of "Bills Discounted," in the bank's statements. They are rigidly excluded from that, the most striking asset in the balance sheet. In referring to this practice, in a former article, we were not aware that the point had been made before, but we find in the answers to the Senate questions the following:

"Many if not all the banks charge sterling bills of exchange to their English correspondents, the moment they are purchased or sent off by mail, although they may have 60, 90, or even 120 days to run before maturity. By doing so, these bills disappear from the balance sheet of the bank, notwithstanding its liability for their endorsement. They ought in all cases to appear amongst the assets of the bank until paid, being as much 'bills discounted' as any other bills cashed by them."

This extract will be found in the evidence of Mr. Morton, whose experience in the Bank of Upper Canada doubtless taught him how dangerous such a practice as that we complain of might prove. As we have said, we were not aware when the previous article was written that we were but following in Mr. Morton's footsteps; and while we apologise to that gentleman for the seeming appropriation of his idea, we are glad to be able to cite a gentleman of his ability and practical banking experience as an authority in our favour.

The practice complained of, is manifestly wrong. It is surely absurd to suppose that a bill drawn at 90 days on Montreal, New York or Baltimore, ought to be charged to