

For the first time in thirty-four years, we are able to report absolutely no real estate on hand other than office premises, all the properties which have come into possession of the company by foreclosure, failure to obtain purchasers under power of sale or otherwise, having been sold. Whilst this gratifying result is doubtless due in some measure to the increased prosperity and improved financial position of the country, it also affords evidence of the care taken in the selection of investments, and the vigilance and skill exercised in making collections and guarding the company's interests generally.

During the year applications were received for loans on real estate aggregating \$2,584,679. From these, investments were selected to the amount of \$997,243, and the remainder, \$1,587,436, were declined.

After a careful revaluation, maturing loans amounting to the sum of \$656,224.32 were renewed for further periods on terms considered satisfactory by the board.

The directors desire to bear testimony to the very efficient manner in which the manager and other officers of the company have discharged their respective duties.

All of which is respectfully submitted.

J. W. LITTLE,
President.

London, Ont., January 27th, 1902.

STATEMENT FOR THE YEAR ENDING

31ST DEC., 1901.

Profit and Loss.

Dr.

To dividend No. 74.	
4½ per cent	\$63,000 00
Dividend No. 75.	
4½ per cent.	63,000 00
Income and revenue tax	2,423 02
	<u>\$128,423 02</u>
Interest on deposits.	\$45,801 51
Interest on sterling debentures	42,235 64
Interest on Canadian debentures (including interest accrued but not due)	79,299 11
	<u>\$167,336 26</u>
General expense account	\$18,385 98
Other expenses, including directors' fees, auditors' salaries, solicitors' fees, taxes on office premises, etc.	6,806 48
Commission on loans	8,155 43
Land inspection ...	5,334 98
Commission and other expenses on sterling debentures	3,252 24
	<u>\$ 41,935 11</u>
Losses on real estate	663, 99
Transferred to reserve fund ..	35,000 00
Balance	23,351 29
	<u>\$396,709 67</u>

Cr.

By balance brought forward ..	\$ 23,199 25
Interest earned	372,910 42
Rents from office building ...	600 00
	<u>\$396,709 67</u>

Assets and Liabilities.

Dr.

Liabilities to the Public—	
To deposits	\$1,509,796 04
Sterling debentures	1,246,326 52
Canadian debentures	2,335,238 55
Interest accrued but not due ...	42,423 73
	<u>\$5,133,784 84</u>

To the Shareholders—

To capital stock paid up	\$1,400,000 00
75th dividend, due Jan. 2nd, 1902.	63,000 00
Reserve fund ...	925,000 00
Unclaimed dividends	73 98
Balance	23,351 29
	<u>\$2,411,425 27</u>

Cr.

By cash value of mortgages	\$6,789,048 28
Less amount retained to pay prior mortgages	28,987 54
	<u>\$6,760,060 74</u>
Office premises	15,000 00
Municipal debentures	\$ 265,090 46
Dominion Government and other stocks....	200,112 50
Cash in office...	2,447 31
Cash in banks...	302,499 10
	<u>\$ 770,149 37</u>
	<u>\$7,545,210 11</u>

G. A. SOMERVILLE,
Manager.

We hereby certify that we have carefully audited the books and accounts of the Huron and Erie Loan and Savings Company for the year ending December 31st, 1901. The cash and bank accounts have been audited monthly; the postings and balances of all the company's ledgers examined quarterly; and we find the whole correct and in accordance with the above statements. We have also examined the company's securities and find them in order.

GEO. F. JEWELL, F.C.A.,

ALFRED A. BOOKER,

Auditors.

London, January 25th, 1902.

The president, in moving the adoption of the report said:

The report which has just been read will, I feel assured, meet with the approval of the shareholders, the results of the year's operations having proved in every respect eminently satisfactory. In all branches of the business there has been a marked advance over previous years.

The total assets of the company now amount to over seven and a half millions of dollars, or about \$531,000 more than at the end of last year. Of this increase \$415,000 has been in deposits and Canadian debentures, bringing these two items up to nearly four million dollars, almost wholly drawn from local sources, a good evidence not only of the popularity of the company, but also of the wealth of this western district.

Notwithstanding the decline in the rates of interest obtainable on first-class securities, the company has been enabled after deducting all charges of every kind, to maintain the usual dividend of nine per cent. per annum, and add \$35,000 to the reserve fund. In this respect the company's record is a most enviable one. All through the years of depression, as well as in times of prosperity, the same rate of dividend has been regularly paid, and each year a substantial sum added to the reserve.

The net profits amounted to \$161,000, equal to about 11½ per cent. of the paid-up capital, or 7 per cent. of the paid-up capital and reserve combined.

In but few instances were compulsory proceedings for collections necessary, and the losses for the year amounted to only the small sum of \$663. The company holds no real estate, other than office premises, a most gratifying condition of

affairs in view of the magnitude of the business. For many years it has been the policy of the company, whilst dealing as leniently as possible with borrowers, to act promptly when compulsory proceedings appeared to be necessary, and to sell all properties falling into its hands with the least possible delay. By this means, we have been able to avoid the accumulation of unproductive assets, and this year we have a perfectly clean sheet in this respect. As the company's operations involve the collection from borrowers of considerably over a million dollars annually, we can scarcely hope to attain this result very often, though it is not intended to depart from the policy of regular reinspection by the company's officers, and promptness in dealing with arrears.

In connection with the question of arrears, I may state that last year we were of opinion that the overdue payments of principal and interest on mortgages had been brought down to the lowest possible point, but this year the amount is still lower.

The activity of the business is shown by the fact that applications were received during the year for loans to the amount of over two and a half millions of dollars. Of this total, loans aggregating about one million dollars were accepted, and whilst the volume of business is thus constantly increasing, the proportion of expenses to assets has actually been reduced.

As foreshadowed in the last annual report, the company has availed itself to some extent of the power to invest a limited portion of its funds in the fully paid-up stock of certain classes of incorporated companies, specified in the General Act of 1900. An investment has been made in the shares of the Canada Trust Company, which is managed in connection with the Huron & Erie. This company, though recently organized, is meeting with a liberal share of public favor, and its success seems well assured. Whilst the statute in question has afforded the opportunity for the satisfactory employment of a portion of the company's surplus moneys, the total sum we are permitted to invest is less than one-third of the amount of the reserve fund, or one-fifth of the paid-up capital.

The vice-president, Mr. Philip MacKenzie, seconded the motion.

Mr. V. Cronyn called attention to the fact that if the balance of undivided profits carried forward were taken into consideration, the reserve would really be about 68 per cent. of the paid-up capital, instead of over 66 per cent., as mentioned in the report; and, as it had never been found necessary to use any part of this undivided balance to meet losses or contingencies, it should not be lost sight of in estimating the amount of the company's reserves.

In supporting the motion, Mr. W. J. Reid congratulated the directors and management on the report presented, which he characterized as being "nothing less than magnificent."

The report was unanimously adopted.

A vote of thanks was tendered to the president, directors, manager and other officers of the company, on motion of Mr. Alex. Fraser, seconded by Dr. Moorhouse, both of whom expressed their entire satisfaction with the report and with the management generally.

On motion of Mr. W. J. Reid, seconded by Mr. Alex. Fraser, Messrs. Jewell and Booker were re-elected auditors for the ensuing year.

On motion of Mr. Samuel Screaton, seconded by Mr. John Labatt, Messrs. Jewell and Booker were appointed scrutineers; and after a ballot had been taken they reported the following gentlemen duly elected to serve as directors for the ensuing year: Messrs. J. W. Little,