ONTARIO CHARTERED ACCOUNTANTS

Held Thirtieth Annual Meeting—Growth and Progress is Shown—New Bank Act

The 30th annual meeting of the Chartered Accountants of Ontario was held in Niagara Falls. The reports of the committees showed steady progress during the year.

The election of officers resulted as follows:—President, Mr. Osler Wade; first vice-president, Mr. Edmond Gunn; second vice-president, Mr. Bryan Pontifex; secretary-treasurer, Mr. Arnold Morphy; registrar, Mr. T. Watson Sime; council, Messrs. A. K. Bunnell, George Edwards, Edmond Gunn, W. T. Kernahan, Arnold Morphy, W. R. Morris, A. C. Neff, Bryan Pontifex, M. C. Robinson, C. S. Scott, G. W. Stiff, W. B. Tindall, Harry Vigeon, Osler Wade and Rutherford Williamson; representatives on the council of the Dominion Association: Messrs. A. K. Bunnell, George Edwards and John I. Sutcliff; auditors: Messrs. J. A. Howell and H. Percy Edwards.

Mr. G. W. Stiff was elected a life member.

Mr. A. K. Bunnell, the retiring president, in his address stated that the membership of the institute is now one hundred and eighty-five divided into one hundred and fifty-four associates and thirty-one fellows. Fourteen were admitted during the year: seven by examination, and seven without examination; and as the council has been advised of the death of Mr. H. C. Screaton, the net gain is thirteen.

The number of applications for admission to the institute from members of other societies, coming to practise in the province is gratifying evidence of the value of the institute, and of the goodwill towards its members.

The council have unanimously agreed to confer the honor of fellowship upon Mr. G. T. Clarkson, the well-known liquidator of Toronto and Mr. T. W. Watson Sime, the respected and valued registrar of the institute.

Students' Association is Part.

The Chartered Accountants Student's Association is an integral part of the institute, and its prosperity is an essential to our growth and development, fifty-five students were enrolled in the year ending May 1st, of whom 50 per cent. were not clerks in the offices of chartered accountants, but bookkeepers ambitious of increasing their knowledge.

During the winter season forty-eight lectures were given principally by members of the institute and were well attended. The action of the banking committee of the Dominion Parliament in inviting the president to appear as an expert witness was a compliment to the institute and the opinion expressed by Mr. Bunnell was:—

(a) That an external audit of banks was desirable.

(b) That two auditors should be appointed by each bank, one of whom should be a practising accountant.

(c) That the statement of profit and loss should be published in more detail.

(d) That certain charges in the way of more clear definitions should be made in the certificates to be given by the auditors.

New Bank Act.

The act as finally passed so far as an audit is concerned is in the nature of a compromise; what is enacted is that the Canadian Banker's Association shall draw up each year a list of not less than forty persons deemed by them to be competent, any one of whom will be eligible to be appointed an auditor under the act.

The Minister of Finance reviewing this list may in his discretion disapprove the eligibility of any one of the forty, either for apposition on the list of all, or as an auditor of a particular bank. From this list the shareholders of each bank at their annual meeting will appoint an auditor or auditors to hold office for one year.

Additionally the minister has the right to appoint an auditor to examine affairs of any particular bank at any time.

It will be noticed that the all important question of qualification is left with the Banker's Association subject to the review of the Minister of Finance.

OUTLOOK FOR MONEY

Sir Felix Schuster says it is almost impossible accurately to forecast money to the end of the year because of the many obscure factors, but there is no reason whatever for an alarmist view. Nevertheless, a certain amount of self-restraint is necessary. "We must not lend too freely abroad," he adds. "General development may be somewhat retarded, but with a fair amount of caution we need not expect excessive money rates in the autumn. Rates, however, cannot be expected to move much lower than they are now."

BANKS AND UNDERWRITING

Some are Conservative and Will Not Undertake Operations—Successful Flotations and Failures

In the course of Sir Edmund Walker's evidence before the Banking and Commerce Committee at Ottawa, Hon. Mr. White, the Finance Minister, asked him if it was good banking to advance money on securities of new enterprises pending the sale of the bonds. Sir Edmund is quoted as replying, "It is quite proper; in fact, the industries could not be established unless this were done."

Sometimes complaints are made by parties in the smaller towns to the effect that the funds belonging to their communities are drained away to the monetary centres and there used as loans to underwriters, promoters, and others engaged in the practice of high finance. It would be well if the fact were remembered that many of the large factories or industrial units located in suburban districts and country towns could not have been built unless the facilities for financing the underwriting operations were available.

Mr. White's question indicates that there is some difference of opinion among bankers as to whether the chartered banks should engage extensively, in this way, in the promotion of new industrial companies. Some of the banks are admittedly old-fashioned in their views of the matter. They will not enter freely into the business of underwriting; and probably a few will not join underwriting syndicates at all.

Banks and Flotations.

It is quite clear that the notion that banks and other underwriters fat fees or commissions, without risk or trouble, through underwriting new issues of industrial securities, is erroneous. In numerous instances the fees are well earned.

When a bank participates in the flotation of a large issue of this kind, and the securities are all taken up at once by the public, it, in company with the other underwriters, receives the agreed upon commission, without being under obligation to take up any of the securities. But, even in that case the bank will likely be obliged to make loans to brokers on the security of the newly-issued bonds, writes Mr. H. M. P. Eckardt, in Industrial Canada. And if the bank has the account of the promoters of the enterprise, it will most likely be required to make extensive loans to them prior to the public flotation. Some portion or part of these loans would remain in the books after the flotation. This is what may be expected even when the flotation is entirely successful. Circumstances are not so comfortable for the bank when the issue is only a partial success; and they may be decidedly uncomfortable when the flotation proves to be a flat failure.

May Have Loans for Long Terms.

When the public does not take the securities, the bank, as one of the underwriters, must take its proportion of the unsold stuff; and it may have to make large loans to other underwriters to enable them to take up their loads also. It is to be remembered that when a broker or other financier enters an underwriting syndicate, he does not usually contemplate putting any of his own funds or capital into the venture, even if the flotation proves to be a failure. He will count upon borrowing the requisite amount from his bankers; and he will perhaps expect the bank to carry the loan until the syndicate succeeds in finally disposing of the issue. If the stuff is very slow of sale, the bank may have the underwriters' loans on its hands for long terms. They will not perhaps offer to reduce the loans—except as the securities are sold—and if the banker suggests reductions they may not receive his suggestion kindly or warmly.

MANITOBA JOINT STOCK COMPANIES ACT

It may not be generally known that at the last session of the Manitoba legislature an amendment to the Manitoba Joint Stock Companies Act was passed, to take effect as from the 1st of June, this year.

This amendment makes it compulsory for all Joint Stock Companies to have the word "Limited" or "Ltd." placed after their names on all of their stationery and literature, as well as on the signs on their places of business.

The Canadian Locomotive Company's fiscal year ended June 30th and when returns are complete, it will probably be found that the year just past was a more profitable period than the preceding year.

The capital stock of Gowan & Company, Limited, has been increased from $20,000 to $350,000 by the creation of 800 common shares of $100 each and 5,000 preference shares of $50 each.