

CANADA PERMANENT LOAN AND SAVINGS COMPANY

FORTY-SECOND ANNUAL REPORT,

DECEMBER 31st, 1896.

Subscribed Capital	\$ 5,000,000
Paid-up Capital	2,600,000
Reserved Funds	1,569,408
Total Assets	12,086,837

Directors:

PRESIDENT & MANAGING DIRECTOR	J. HERBERT MASON.
VICE-PRESIDENT	EDWARD HOOPER.
	S. NORDHEIMER.
	JUDGE BOYD.
	HENRY CAWTHRA.
	G. W. MONK.

ASSISTANT MANAGER

ALFRED J. MASON.

SUPERINTENDENT

RUFUS S. HUDSON.

SECRETARY

GEORGE H. SMITH.

Treasury Solicitors:

JONES, MACKENZIE & LEONARD, BARRISTERS.

Bankers in Canada:

THE BANK OF TORONTO, THE STANDARD BANK,
THE MERCHANTS BANK, THE ONTARIO BANK,
THE CANADIAN BANK OF COMMERCE,
THE IMPERIAL BANK OF CANADA,
THE BANK OF BRITISH COLUMBIA.

Bankers in Great Britain:

THE CITY BANK, LIMITED, LONDON,
THE BRITISH LINEN COMPANY BANK, EMBSAY.

HEAD OFFICE:

Company's Buildings, Toronto Street, Toronto

The Corp. Clerk Company, Ltd., Printers, Colborne St., Toronto.

REPORT OF THE DIRECTORS
OF THE
CANADA PERMANENT LOAN AND SAVINGS COMPANY
FOR THE YEAR 1896.

The Directors have pleasure in presenting to the Shareholders the Forty-second Annual Report and Statement of the affairs of the Company.

The general business of the Company during the year was satisfactory. Receipts from Mortgagors of maturing instalments of principal and interest were quite up to the average, while the demand for money on acceptable securities was sufficient to absorb all capital repaid, at fairly remunerative rates. All Debenture Bonds falling due were renewed or replaced by others at reduced rates of interest.

As was to be expected from the diminished earning power of money, the net proceeds of the year's transactions were less than formerly, but were more than sufficient, after paying all charges and writing off all losses, to pay two half-yearly dividends of four per cent. each on the paid-up Capital Stock, which, together with the income tax thereon, amounted to \$212,257.83. The surplus profits, with a portion of the Contingent Fund, were applied in writing down the sums standing against certain properties not immediately productive. In accordance with established usage, no interest has been charged against any uncertain account.

In consequence of the lack of demand for real estate, either for use or for investment, not excepting even such as are yielding a remunerative return, a considerable number of properties remain unsold, the great majority of which are bringing fair rentals. A slight improvement in the agricultural and industrial conditions of the country will enable the management to largely reduce this class of assets, although it has never been found practicable to extinguish it entirely.

The Directors desire to recognize the faithful and efficient services of the Company's employees at the Head and Branch Offices, as well as of the large staff of local Appraisers, in protecting and promoting the Company's interests during an exceptionally difficult and trying period; and also to acknowledge the valuable and influential services of the representatives of the Company in Great Britain.

All which is respectfully submitted.

J. HERBERT MASON,

President

FINANCIAL STATEMENT
— OF THE —
Canada Permanent Loan and Savings Company,

DECEMBER 31st, 1896.

PROFIT AND LOSS.

	\$	c.		\$	c.
Interest on Deposits, Debentures and Debenture Stock	391,580	35	Contingent Fund, January 1st, 1896	121,514	52
Dividends on Capital Stock	208,900	00	Interest on Mortgages, Debentures, Rentals, etc.	600,795	51
Municipal Tax on Dividends	4,257	83			
Cost of Management, Salaries, Directors' Allowances, and Inspection, including Branch Offices	212,257	83			
Charges on Money Borrowed and Lent	75,786	22			
Contingent Fund, December 31st, 1896	22,276	74			
	110,408	89			
	\$722,310	03		\$722,310	03

ABSTRACT OF ASSETS AND LIABILITIES.

LIABILITIES TO THE PUBLIC.		\$	c.	ASSETS.		\$	c.
Deposits and Interest	\$ 914,664	21		Mortgages on Real Estate	\$11,411,684	29	
Debentures (£1,149,523 Sterling) and Interest	5,594,343	58		Mortgages on other Securities	6,086	73	
Debentures—Currency—and Interest	283,046	00		Municipal Debentures			11,417,780
Debenture Stock (£200,000 Sterling)	973,333	33		Real Estate Foreclosed			157,391
Sundry Accounts	6,642	01		Company's Office Buildings (Toronto and Winnipeg)			99,648
			7,772,029	13	Accrued Rentals		196,008
					Cash on hand	545	86
					Cash in Banks	163,263	02
							163,808
LIABILITIES TO SHAREHOLDERS.							
Capital Stock paid up	\$2,000,000	00					
Capital Stock (\$5,000,000) 20 per cent. paid	600,000	00	2,600,000	00			
Reserve Fund	1,450,000	00					
Contingent Fund	110,408	89	1,560,408	89			
Dividends unclaimed	99	60					
73rd Dividend	104,000	00	104,099	60			
			\$12,036,537	62			\$12,036,537
							62

GEO. H. SMITH, *Secretary.*

We, the undersigned, beg to report that we have made the usual thorough examination of the Books of the CANADA PERMANENT LOAN AND SAVINGS COMPANY for the year ending 31st December, 1896, and hereby certify that the above statements are strictly correct and in accordance therewith.

J. E. BERKELEY SMITH, }
HENRY BARBER, F.C.A., } *Auditors.*

Toronto, Feb'y 2nd, 1897.

Proceedings of the Forty-Second Annual Meeting.

The forty-second Annual Meeting of Shareholders was held in the Company's Office Building, on Monday, 15th February, 1897, at 12 o'clock noon.

The President, Mr. J. Herbert Mason, occupied the chair, and the Secretary, Mr. George H. Smith, was appointed Secretary to the meeting. The following Shareholders were present:—John Brimer, W. T. Boyd, Dr. E. St. G. Baldwin, Ralph K. Burgess, Jacob Bull, Henry Barber, Philip Browne, Henry Cawthra, William Cook, W. H. Cawthra, Hamilton Cassels, R. G. Carlyle, J. C. Copp, Benjamin Dean, C. S. Gzowski, Jr., W. G. Gooderham, R. T. Gooderham, Edward Hooper, R. S. Hudson, Hon. Chief Justice Hagarty, Richard Heather, John H. G. Hagarty, Rev. A. Hart, Baldwin Jackes, Beverley Jones, E. B. LeRoy, William Lawrence, Thomas Langton, G. W. Monk, Alfred J. Mason, F. Marriott, Alfred Myers, H. Mortimer, W. E. Mason, T. Mortimer, P. L. Mason, Geo. A. Mackenzie, S. Nordheimer, Albert Nordheimer, William M. Platt, D. Prentice, J. H. Paterson, George Pim, Rev. C. W. Paterson, John F. Risley, Andrew Robb, Miss Eliza Robinson, George M. Rae, Alexander Smith, John Stewart, John Sykes, F. M. Thomas, Rev. Canon Tremayne, and S. G. Wood.

The Secretary read the Report of the Directors and Financial Statements for 1896.

The President said:

GENTLEMEN.—The business conditions affecting our Company which prevailed a year ago, and were referred to at some length in the report submitted and in the remarks I had the privilege of making at the last Annual Meeting, are substantially the same now, though, perhaps, somewhat intensified. It is generally conceded that, throughout this continent, the year 1896 was the most trying and disappointing to those engaged in agricultural, industrial, and commercial pursuits that has been known for many years. Financial institutions, more especially land mortgage companies such as ours, are so closely identified with the interests of the community in which their operations are carried on, that they feel, and respond directly to, every movement affecting these interests.

The prospects of improvement, beginning, as is most desirable, in agricultural products, are at present of a cheering character. The harvest of last year, though less abundant than in 1895, was an average one. The sudden and unlooked for rise in the price of wheat, though coming too late in the year for many Canadian farmers, was of great benefit to some, and gives much encouragement for the coming season. The increasing products of Canadian cheese factories, creameries, orchards, forests, ranches, and fisheries find a ready market in Great Britain and elsewhere, and are yearly becoming more important contributors to the national wealth. Other important interests, not so directly affecting our Company, also exhibit signs of increased activity and prosperity. Altogether we have reason to be satisfied with the outlook, so far as the material welfare of the Dominion is concerned.

The Directors' report references is made to the disposition of the surplus profits. These amounted to \$29,867, and might have been added to the contingent fund. But it was thought more prudent, and in accordance with previous usage, to anticipate possible loss arising from the shrinkage in value of some of our securities, and to apply the surplus in reducing the loans charged against them; and also to similarly apply the sum of \$11,105 from the contingent fund, which was provided for that purpose. As stated in the report, no interest is charged the collection of which is in anywise doubtful, and all rentals, with the exception of a few where the security is unquestionably ample, are applied in reducing the Company's claim on the property concerned, no such rentals being carried to earnings. As not more than fifty per cent. of the value placed on property by the Company's Appraisers is advanced at the time loans are made, it is confidently hoped that much of this estimated loss will yet be recovered.

Your Directors and officers may be depended upon to do all that is possible to promote the interests and fulfil the expectations of the shareholders, but it would be unwise to hold out hopes of a return to the high dividends paid in previous years. The Company cannot fail to be affected by the circumstances and conditions which surround it. The interest value of money generally is likely to remain low, but the lower rates we receive are in some measure compensated by the reduced rates required to be paid on our borrowed capital. While profoundly convinced of the future greatness of our country, as well as of the growth and well-being of our city, it is impossible to predict with certainty how soon these expectations may be fulfilled. In any event, the sound, substantial position of the Company is unquestionable, and you may rest assured that your Directors, if you re-elect them to-day, will not in the future, as they have not in the past, weaken it by declaring dividends higher than they are satisfied your capital has earned.

Enquiries are not unfrequently made as to the wisdom of buying or selling the Company's stock at present quotations. It has been my invariable practice to decline to give an opinion or advice on that subject. It is of little or no consequence to an executive officer of a company, who buys, or who sells, its stock, or what is paid for it. It is his duty, as I conceive, to look after the intrinsic value of the stock, leaving the public to determine its market value. He is naturally more interested in, and concerned for, the buyer who joins his company, than in the seller who leaves it.

But there are certain facts and considerations that at this juncture it may not be inopportune for me to refer to. During the forty-two years of the existence of this Company, its Stockholders have regularly received half-yearly dividends, amounting in the aggregate to five hundred per cent., being an average of 11.90 per cent. per annum. In addition, a reserve fund has been formed out of surplus earnings, which amounts to more than fifty-five per cent. of the paid-up capital; besides which a respectable sum has been set aside as a contingent fund. The par value of the stock to-day on the books of the Company is therefore more than 155; and that also represents its intrinsic value. Although profits are less than formerly, the Company still has, and will continue to possess, a large revenue-earning power.

In view of these facts, I trust that I shall not be misunderstood when I venture to suggest to Shareholders who may not have the means of forming an independent judgment, that they should be careful not to be misled by incompetent, ill-informed, or interested advisers, into parting with their shares in an established and well-tried institution, for the purpose of putting their money into some of the newer and more popular investments of the day. Here, at all events, their capital is safe beyond peradventure; and the dividends they will receive will, in all probability, yield as high a rate of interest as their capital will realize in any other investment of equal stability and soundness.

"I speak as unto wise men; judge ye what I say."

I beg to move:

"That the Report of the Directors for the year 1896 be received and adopted, and that it be printed with the audited statements of Profit and Loss and Assets and Liabilities for distribution to the Shareholders."

The motion was seconded by Mr. Henry Cawthra, who said:

"The President has entered so fully into matters relating to the business of the Company that I need not say anything, except, perhaps, that the volume of business this year has been larger than it was last. We hold some \$60,000 more mortgages this year than last. Unfortunately, the rates of interest have not kept pace with the increase in mortgages. Under stress of the competition we meet with, more especially from Trust Companies and Life Insurance Companies, it is not easy work to make our profits larger than they are at present."

I think the stock in this Company is worth every dollar of the capital and reserve fund. Unfortunately, people are generally more inclined to buy when stocks are high. In my judgment, that is the wrong time. The best time to buy not only stocks, but real estate also, is when they are low. I think that now real estate has got about as low as it is likely to go, and that it is a good time to invest in it.

I have much pleasure in seconding the resolution.

The motion was unanimously carried.

It was moved by Mr. Ralph K. Burgess, seconded by Mr. Robert Gooderham,

"That the thanks of this meeting be given to the President, Vice-President and Directors for the care and ability with which they have conducted the affairs of the Company during the past year, and that the same sum be voted to them as compensation as was voted in the preceding years." Carried.

It was moved by Mr. A. Nordheimer, seconded by Mr. William M. Platt,

"That the thanks of the shareholders are due and are hereby presented to the managers and official staff, to the solicitors and appraisers, and to the agents of the Company in Manitoba, British Columbia and Great Britain, for their efficient services in carrying on the business of the Company during the past year." Carried.

It was moved by Mr. G. M. Rae, seconded by Mr. William Lawrence:

"That the thanks of this meeting be presented to the Auditors for the past year, and that they be paid as follows:—Auditors of Head Office accounts, \$400 each; Auditor of Manitoba Branch accounts, \$150; Auditor of British Columbia Branch accounts, \$100; and that Messrs J. E. Berkeley Smith and Henry Barber be appointed to audit the accounts of the Company at Head Office, Mr. William Nichols to audit the accounts of the Company at the Manitoba Office, and Mr. W. F. Salisbury to audit the accounts of the Company at the British Columbia Office, for the current year." Carried.

The election of Directors was then held, and resulted in the unanimous re-election of Messrs. J. Herbert Mason, S. Nordheimer, Henry Cawthra and John Boyd.

At a subsequent meeting of the Board, Messrs. J. Herbert Mason and Edward Hooper were respectively re-elected to the office of President and Vice-President.