

# CANADA PERMANENT LOAN AND SAVINGS COMPANY

FOURTY-THIRD

## ANNUAL REPORT,

DECEMBER 31st, 1897.

<i>Subscribed Capital,</i>	- - - - -	\$ 5,000,000
<i>Paid-up Capital,</i>	- - - - -	2,600,000
<i>Reserved Funds,</i>	- - - - -	1,252,491
<i>Total Assets,</i>	- - - - -	11,384,536

### Directors:

PRESIDENT & MANAGING DIRECTOR.. J. HERBERT MASON.	
VICE-PRESIDENT..... WM. G. GOODERHAM.	
EDWARD HOOPER,	S. NORDHEIMER,
W. D. MATTHEWS,	RALPH K. BURGESS,
G. W. MONK,	W. E. WELLINGTON.

ASSISTANT MANAGER..... ALFRED J. MASON.  
SUPERINTENDENT..... RUFUS S. HUDSON.  
SECRETARY ..... GEORGE H. SMITH.

TORONTO 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, EDINBURGH.

### HEAD OFFICE:

*Company's Building, Toronto Street, Toronto*

The Copp, Clark Company, Limited, Printers, Colborne Str., Toronto.

REPORT OF THE DIRECTORS  
OF THE  
CANADA PERMANENT LOAN AND SAVINGS COMPANY  
FOR THE YEAR 1897.

The Board of Directors beg to lay before the Shareholders of the Canada Permanent Loan and Savings Company the Forty-third Annual Report of its transactions.

The revenue of the Company for the past year amounted to \$625,827.82. After providing therefrom for interest on borrowed capital, expenses of management, commissions, and for all known losses, the Directors declared two half-yearly dividends of three per cent. each upon the paid up capital stock; after which there remained surplus profits amounting to \$51,071.37.

It is with much satisfaction that the Directors are able to record a much greater degree of prosperity in agricultural and commercial affairs than existed at this time last year. Consequent on these improved conditions, and more especially as a result of the abundant harvest of 1897, and the higher prices received for farm products, maturing instalments of principal as well as interest on mortgage loans, were paid with more than usual promptness. Many accounts which, owing to adverse circumstances in previous years, had fallen into arrear, were paid up or placed in a satisfactory condition. Farming lands in Ontario, as well as in Manitoba and the North-West, have proven more readily saleable than for several years before. With another such year as 1897, very little property of this description will remain on the Company's hands.

An independent and exhaustive examination of mortgagors' accounts in the Company's books has recently been made, and the Directors are pleased to be able to inform the Shareholders that with comparatively few exceptions, the state of these accounts is most satisfactory. Not only is interest kept well paid up, but in a large number the principal sum advanced has been reduced by repayments.

Having in view the severe depression in the market value of real estate, a careful reinspection of securities in default has been made. In a number of cases the Directors have deemed it advisable, in anticipation, and as a prudential measure, to materially reduce the sums at which these properties appear in the Company's books. To effect this they have appropriated the surplus profits of the year, together with a portion of the funds reserved to provide against such exceptional depreciations as at present exist. Although these reductions are believed to be amply sufficient, a further sum has been applied to form a Contingent Account, with a view to meet any possible loss not now foreseen. The Reserve Fund remains at \$1,150,000, more than 44 per cent. of the paid up capital, and the Contingent Fund stands at \$102,491.21.

The limited demand for loans on first-class securities, and the low rates of interest obtainable, did not warrant the Directors in offering to continue the rates of interest borne by maturing debentures, and in consequence some of these were paid off. Those renewed, and the new money received, were all at three and one half per cent. per annum. Accounts with Depositors show a small increase.

The outlook for the immediate future is encouraging. If the tide of prosperity, indications of which are now visible, continues to flow as generally expected, real estate values will doubtless be favourably affected, there will be a more active demand for money, and our Company, with its extended ramifications and effective staff, is in a position to promptly take advantage of it.

A member of the Board, Mr. Henry Cawthra, having gone abroad, with the expectation of making a prolonged stay, sent in his resignation. His place as a Director has been filled by the election of a qualified shareholder, Mr. W. E. Wellington, a gentleman who is well acquainted with the agricultural resources and requirements of the Provinces in which the funds of the Company are invested.

All which is respectfully submitted.

J. HERBERT MASON,

*President.*

TORONTO, February 9th, 1898.

# FINANCIAL STATEMENT

— OF THE —

## Canada Permanent Loan and Savings Company,

DECEMBER 31st, 1897.

### PROFIT AND LOSS.

	\$	c.		\$	c.
Interest on Deposits, Debentures and Debenture Stock	288,573	86	Contingent Fund, January 1st, 1897	110,408	89
Dividends on Capital Stock	156,000	00	Appropriation from Reserve Fund	300,000	00
Municipal Tax on Dividends	3,588	00	Interest on Mortgages, Debentures, Rentals, etc.	591,744	95
	159,588	00			
Cost of Management, Salaries, Directors' Allowances, and Inspection, including Branch Offices	71,756	46			
Charges on Money Borrowed and Lent	20,755	26			
Estimated Reductions	358,989	05			
Contingent Fund, December 31st, 1897	102,491	21			
	\$1,002,153	84		\$1,002,153	84

### ABSTRACT OF ASSETS AND LIABILITIES.

	\$	c.		\$	c.	
<b>LIABILITIES TO THE PUBLIC.</b>			<b>ASSETS.</b>			
Deposits and Interest	\$	936,734	41	Mortgages on Real Estate	\$10,665,658	55
Debentures (£1,074,485 Sterling) and Interest	5,229,160	25		Mortgages on other Securities	11,076	24
Debentures—Currency—and Interest	284,003	48		Municipal Debentures	10,617,633	79
Debenture Stock and Interest (£204,000 Sterling)	992,799	93		Real Estate Foreclosed	150,965	48
Sundry Accounts	11,310	61		Company's Office Buildings (Toronto and Winnipeg)	121,078	70
	7,454,008	68		Cash on hand	3,992	00
				Cash in Banks	297,033	57
<b>LIABILITIES TO SHAREHOLDERS.</b>					301,025	57
Capital Stock paid up	\$2,000,000	00				
Capital Stock (\$3,000,000) 20 per cent. paid	600,000	00				
Reserve Fund	1,150,000	00				
Contingent Fund	102,491	21				
Dividends unclaimed	337	00				
75th Dividend	78,000	00				
	\$11,384,836	89			\$11,384,836	89

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, 1897, and hereby certify that the above statements are strictly correct and in accordance therewith.

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

Toronto, Feb'y 7th, 1898.

## Proceedings of the Forty-Third Annual Meeting.

The Forty-Third Annual Meeting of Shareholders was held in the Company's Office Building, on Tuesday, 22nd February, 1898, 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:—Ralph K. Burgess, W. T. Boyd, W. H. Beatty, R. C. Ballie, Dr. Baldwin, B. E. Bull, Melfort Boulton, Henry Barber, Philip Browne, James Barber, James Carlyle, James Craig, J. C. Copp, R. C. Carlyle, W. M. Cockburn, W. H. Eakins, Alex. Ford, George Gooderham, W. G. Gooderham, C. S. Gzowski, J. H. Henry Gooderham, Robert Gooderham, T. A. Gibson, Edward Hooper, Hon. Chief Justice Hagarty, R. S. Hudson, J. H. Hall, Mrs. Hibbert, J. H. G. Hargry, R. Heather, H. L. Hime, J. W. Jackes, Wm. Lawrence, G. W. Monk, W. D. Matthews, Alfred Myers, H. Mortimer, Rev. Dr. Moffat, P. L. Mason, W. P. Morse, Augustus Myers, F. Marriott, Alfred J. Mason, T. Mortimer, H. H. Mason, W. E. Mason, S. Nordheimer, A. Nordheimer, D. Prentice, N. Parker, J. H. Paterson, J. A. Procter, Rev. T. W. Paterson, George M. Rae, George Robson, E. F. Ridout, A. Robb, W. J. Robertson, E. C. Rutherford, Hon. A. M. Ross, Wm. Spry, Miss Jane Smith, G. A. Stimson, John Stewart, F. M. Thomas, Rev. F. Tremayne, W. E. Wellington, S. G. Wood, Miss W. M. Wills, Rev. J. H. White, and A. E. Webb.

The Secretary read the Report of the Directors and Financial Statements for 1897.

The President said:

GENTLEMEN,—In the few words I desire to say before moving the adoption of the Directors' Report, I purpose to confine my remarks to the several topics referred to therein.

The revenue derived from investments amounted, as stated in the Report, to \$625,827, about 5% upon the capital employed. The total losses sustained on the realization of securities during the year was \$34,083, leaving for distribution a balance of \$31,744, as total losses sustained on the Front and Loan Account. The net profits, after providing for all fixed charges, losses and expenses, amounted to nearly eight per cent. upon the paid-up Capital Stock, a result which, considering the low rate of interest prevailing, is, I think, very satisfactory. You will be pleased to notice that the cost of management was some \$1000 less than in the preceding year.

Unmistakable evidence of the great improvement in agricultural, commercial and industrial affairs in the past year is afforded by the phenomenal increase in exports, as shown by the customs returns, by the increased business of railways, banks, and in manufacturing and mining industries, as well as in the trade and commerce of the Dominion generally. Our own experience likewise bears witness to this fact. We issued more than two thousand receipts for payments on mortgages more than in 1896. Maturing obligations were better met than for several preceding years.

The revival of business property has always, sooner or later, a beneficial effect upon the market value of landed property. The demand for farming lands in Manitoba has much improved. During the latter part of the year about one-half of the lands on our hands in the North-West were disposed of. In Ontario, sales have been more readily effected, but the improvements in value is not so marked. Town property is more slowly and indirectly affected, but the returns for rentals have considerably increased, and there are few vacancies. For many years there have not been more favourable opportunities afforded to immigrants and home-investors to acquire Ontario improved agricultural lands, and city and town property, than exist at the present time.

A special examination into the state of our borrowers' accounts was instituted by the Directors in the latter part of the year. In addition to the usual examination made by our Auditors, schedules were prepared by and under their direction, at the various Branches as well as at the Head Office, showing the sum originally advanced, the amount now at the debit, and the increase or decrease of each individual account in the Company's ledgers. These schedules were placed in the hands of a Committee of four Directors, two of whom spent a large portion of every day for several weeks in making careful examination of them, scrutinizing each account and the security held therefor, when it appeared in any wise doubtful, and calling upon the Superintendent, Inspectors, and other Officers, for any information they desired. It will be gratifying to the Shareholders to know that the Directors are perfectly satisfied with the result of this investigation. The Committee report that they found interest to be generally well paid up, that there are no accumulations of unpaid interest in the books of the Company, no interest having been charged on any account where there existed reasonable doubt of its being paid. A large proportion of the accounts show not only that interest has been paid, but also that the principal sum advanced has been considerably reduced, thereby improving the security. The Committee also report that the Officers in charge were thoroughly conversant with the condition of each account, and with the security held therefor, and that throughout their long and minute enquiry they did not find one account which had been overlooked or neglected. The state of our customers' accounts is conclusive evidence that the revenue out of which interest, expenses and dividends have been paid is not a mere book-keeping estimate, but has been actually earned, and either received in cash or stands charged on good active mortgage loans.

Owing to the steadily diminishing value of nearly every description of landed property during the last seven years, the duty of repeated re-examination and re-valuation of securities has become one of the first importance. To effect this, a larger staff of Inspectors has become necessary. For some time it was difficult to realize that such a general shrinkage in values could take place as to absorb the margin of security that for so many years we had found to be sufficient to protect the Company's interests. Our practice has been to make provision for any exceptional cases of this kind, out of the surplus revenue of the current year. The present severe and long continued depression led the Directors to the conclusion that the time had come when much larger deductions should be made, and they decided to use for that purpose, for the first time in the Company's history, a portion, say three hundred thousand dollars of the amount specially reserved in former years, to meet such an adverse contingency if it should arise. The earning power of the Company has not been diminished by these reductions, no interest having been charged against these properties. The Reserve Fund still stands at \$1,150,000, and is protected by a Contingent Fund of \$102,000. Should values improve as expected, some of these reductions for estimated deficiencies may prove to have been unnecessary.

Our experience as to depreciation in the value of landed property has not been peculiar to ourselves. It is the experience, in a greater or less degree, of all corporations and of all individuals whose business is based on real estate, or who have had transactions in it. For many years it was considered one of the most stable of securities, and doubtless will be so again. Nor is this state of things confined to Canada, but is even to a greater extent felt elsewhere. As prudent business men, your Directors resolved to face the situation, and to anticipate possible future loss by reducing or wiping out all doubtful assets. In adopting this course, instead of treating them as good, but however strong their conviction, that in time, by not charging interest, applying rentals on account, etc., they would prove to be so, the Directors may fairly expect to receive the commendation of their fellow-shareholders, and of the investing public generally.

In the first half of the year there was so little demand for money that we declined to receive large sums which were offered to the Company for investment. The general improvement creates greater opportunities for the employment of capital, and a more active demand for loans.

I have pleasure in again acknowledging the faithful and influential assistance of our respected Agents in Great Britain, in maintaining the high standing of the Company in the Motherland, and also the efficient labours of the Officers and Staff at the Head and Branch Offices.

Near the close of the year our venerable Vice-President, Mr. Hooper, in consequence of advanced age, he having entered his nineteenth year, felt it necessary to retire from that office. Mr. Hooper has been a member of the Board for nearly forty years, and still remains a Director. Mr. W. G. Gooderham was elected Vice-President in Mr. Hooper's place.

Before concluding, I beg leave to say that if any shareholder present desires any further information, I shall be pleased to give it, so far as I may be able.

*W. H. Hooper*

I beg to move:

"That the Report of the Directors for the year 1897 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 the Vice-President, Mr. Wm. G. Gooderham, who said:

I have much pleasure in seconding the resolution. In doing so, I wish to say that I think the statements just presented to the Shareholders, and the full information given by the President with regard to the increased receipts for interest and principal, and to the improved selling value of property, must be considered most gratifying.

As a member of the Investigating Committee, I beg to say the examination of the Company's affairs, to which you have made reference, has impressed upon the minds of the Committee the fact that the affairs of the Company are perfectly safe in the hands of the gentlemen who form our staff. I refer particularly to the Inspection Staff, to the members of which, whenever any enquiry was made, the details of every account appeared to be right at their finger ends, they evincing no hesitation about giving the fullest information concerning any account or any security as to which the Committee desired information. We were surprised to find how well maturing interest was paid and in how many cases the principal sum had been reduced by repayments. I feel that this state of affairs is one upon which the Board and the Shareholders are entitled to congratulate themselves.

I note the President's kind remarks with regard to the retirement of Mr. Hooper. It was with feelings of deep regret that the Board heard of his intention of resigning the Vice-Presidency, which honour has been conferred on me. I regret it has not fallen into abler hands. We all hope that Mr. Hooper may long be spared to associate himself with this Company.

I do not know that anything farther remains to be said by me, but I have much pleasure in seconding the adoption of the Report. The motion was unanimously carried.

It was moved by the Rev. Dr. Moffat, seconded by Mr. Augustus Myers,

"That the thanks of this meeting be given to the President, Vice-President and Directors, for their careful and successful super-  
vision of the Company's business during the past year, and that the compensation now voted to them be the same as in the preceding years." Carried.

It was moved by Mr. W. J. Robertson, seconded by Mr. J. A. Proctor,

"That the Shareholders desire to express their thanks to the Managers, Inspectors and Staff of the Office, to the Solicitors and Appraisers, and to the Agents of the Company in Manitoba, British Columbia and Great Britain, for their zealous and efficient services in their respective departments during the past year." Carried.

It was moved by Mr. J. H. G. Hagarty, seconded by Mr. Wm. Lawrence,

"That the Auditors for the past year 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 Nicholls 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. Edward Hooper, W. G. Gooderham, W. D. Matthews, and G. W. Monk.

At a subsequent meeting of the Board, Messrs. J. Herbert Mason and Wm. G. Gooderham were respectively re-elected to the Office of President and Vice-President.