

TWENTY-SIXTH ANNUAL REPORT

Huron & Erie

LOAN AND SAVINGS COY

LONDON, ONTARIO.

Capital Subscribed, - \$2,500,000.
" Paid-up, - - \$1,239,455.
Reserve Fund, - - - \$ 536,068.

Directors:

J. W. LITTLE, *President*.
JOHN BEATTIE, *Vice-President*.
WM. SAUNDERS.
HON. E. LEONARD.
PHILIP MACKENZIE.
A. W. PORTE.

Manager:

G. A. SOMERVILLE.

Solicitor:

VERSCHOYLE CRONYN, LL.B.

Auditors:

GEO. F. JEWELL, F.C.A.
THOS. A. BROWNE.

Bankers in Canada:

THE BANK OF MONTREAL.
THE CANADIAN BANK OF COMMERCE.
THE MOLSONS BANK.

Bankers in Great Britain:

THE BANK OF SCOTLAND.

Correspondents in Great Britain:

FINLAYSON & AULD,
Writers,
213, West George Street,
GLASGOW.

TWENTY-SIXTH ANNUAL REPORT

—OF THE—

HURON & ERIE LOAN & SAVINGS COMPANY.

The Directors of the Huron and Erie Loan and Savings Company beg to submit herewith their Twenty-sixth Annual Report, shewing the results of the business of the Company for the past year, accompanied by the balance sheet to 31st December, 1889, duly audited.

From the profits of the year, your Directors have been enabled, after defraying all expenses of management, to pay two half-yearly dividends at the rate of nine per cent. per annum, pay the income tax of \$2,254, add \$19,000 to the Reserve Fund, and leave a balance at the credit of Profit and Loss account of \$2,019,000.

The increase in Savings Bank Deposits and Canadian Debentures for the year has been \$154,163.85, and in Sterling Debentures, \$119,087.00.

During the latter part of the year new shares to the amount of \$1,000,000 were issued, at a premium of forty-five per cent. ; twenty per cent., and its proportion of premium, amounting in all to \$290,000, to be paid by March 1st, 1890. These shares were all promptly taken, and at the close of the year, \$203,523.00 had been paid thereon.

The Reserve Fund has been increased by the addition of \$64,068.00 of premium received on the new stock, and \$19,000 from earnings, in all \$83,068.00, making the Reserve now \$536,068.00.

The demand for money has been good, at rather improved rates of interest, especially towards the close of the year, and the funds of the Company are well invested. The net cash value of the securities is \$4,193,029.00, being an increase since the corresponding period of last year of \$529,960.00; and whilst the business has been thus largely increased, the general expenses have been diminished.

The value of the Real Estate held by the Company, other than office premises, is \$3,011.00. All other properties which came into possession of the Company through failure to obtain purchasers under power of sale, or otherwise, were sold, realizing the sum of \$124.00 more than the amount at which they had been previously taken into account.

The system of inspection by the Company's own officers, of property offered as security, has been rigidly continued, and the staff has been strengthened by the appointment of an additional Inspector.

Your 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, ONTARIO,

28th January, 1890.

THE HURON & ERIE LOAN & SAVINGS COMPANY.

The Twenty-sixth General Annual Meeting of this Company was held at its office in London, Ont., on Wednesday, February 12th, 1890.

Present: Messrs. F. E. Leonard, W. J. McIntosh, John Beattie, D. Regan, T. A. Browne, Joseph Wheaton, G. F. Jewell, G. O. Challoner, P. Mackenzie, H. Cronyn, C. W. Leonard, J. W. Little, V. Cronyn, A. W. Porte, G. T. Brown, G. A. Somerville, Wm. Pope, A. Robinson, F. P. Betts, C. F. Goodhue, and others.

The President, Mr. J. W. Little, took the chair, and the Manager, Mr. G. A. Somerville, acted as Secretary. The minutes of the last annual meeting were read and approved, after which the Report and Financial Statement were submitted.

In moving the adoption of the Report, the President said:—

It affords me much pleasure to move the adoption of the Report which has just been read. I question very much whether during the twenty-six years of the Company's existence a more favorable Annual Statement has ever been presented to the Shareholders.

The increase of the business has been greater by far than in any former year, and at the same time a saving has been effected in the expense of management equal to about one-twelfth of the entire cost, as shown in the statement under the heading of "General Expense" and "Other Expenses."

The continued growth of the Savings Bank Department has been most satisfactory. The accounts now number 2,832, averaging \$402.05 each, and during the year the Deposits and Debentures have increased \$273,251, as compared with an increase of \$156,276 in the previous year,—a most gratifying evidence of the favorable position the Company occupies in public estimation, especially in view of the fact that the rate of interest paid on debentures has been reduced.

The cash value of the mortgages held by the Company is \$529,960 greater than at the close of 1888, and now amounts to \$4,139,029 on real estate valued by our own Inspectors at \$8,934,000.

The item "Losses on Real Estate" has disappeared from our "Profit and Loss" account, not because of any change in the form of our statement, but because there are no losses to report.

During the year it was found necessary to bring to sale a much larger quantity of real estate than formerly; but notwithstanding the difficulty in effecting sales of farm lands at fair prices, all the property remaining on hand at the close of last year, part of which the Company had held for a considerable time, and also all that since came into our possession, has been disposed of without loss, except one farm, which fell in a few weeks before the close of the year and which has not yet been sold.

In all Loan Companies the arrears on mortgages are a source of grave anxiety, and require the utmost vigilance on the part of the management, the success of a company depending to a very great extent upon the prudence shown in dealing with them. The Shareholders will be pleased to know that the amount in arrear is now considerably less than at any time during the past seven years, although the volume of business has increased so largely.

The Reserve Fund is now \$536,068, and when the remainder of the call on the new stock, due March 1st, has been paid, it will amount to \$562,000,—over 43 per cent. on the Paid-up Capital.

In accordance with the resolutions passed by the Shareholders on the 15th of August last, 20,000 shares, or one million dollars of new stock were issued, and such is the standing of the Company amongst investors that the bulk of this stock was promptly taken by the Shareholders, and applications sufficient to absorb the remainder were speedily received, so that before the end of the year the whole of the stock had been subscribed, and the payments made on account of it exceeded \$200,000. This large sum, together with the greatly increased amounts received from other sources, was invested without difficulty, and the whole of the working capital kept fully and profitably employed. This result is no doubt largely due to the friendly co-operation of the customers of the Company, who fully appreciate the fair and equitable treatment which has always been accorded to them, and take pleasure in recommending the Huron & Erie to their friends.

The utmost caution has been exercised in the selection of loans. An additional Inspector has been appointed, so that we are now in a position to inspect every property offered as security before the money is advanced, and also to maintain a thorough supervision over all the real estate held under mortgage. In view of the magnitude of the Company's operations, however, it would be surprising if the same immunity from losses which has characterized the past year should often be enjoyed. But I have no doubt that in the future the interests of the Company will continue to be as carefully guarded as they have been in the past.

The Vice-President, Mr. Jno. Beattie, in seconding the adoption of the Report, said:—

After the very full statement of the Company's affairs presented in the Report, and the exhaustive address of the President, in all of which I heartily concur, there remains little for me to say or do, further than to second the motion for the adoption of the Report.

For the past few years, as you are aware, the competition for such securities as are taken by the Huron & Erie has been very keen throughout the Western District, consequently low rates of interest have prevailed, which can only be met by obtaining capital in the British or other markets on more favorable terms than hitherto. This the Board are using every effort to accomplish, and so far have been very successful.

It is generally known that the value of farm land has of late years to some extent depreciated. The Board have been fully alive to this, and have exercised the utmost care in selecting investments. Over one-half of all the mortgages now held by the Huron & Erie have been made within the last three years, on the basis of the reduced valuation, and as the sales made from the older securities have been comparatively free from loss, it may fairly be claimed that the mortgages now held are of an exceptionally high character.

During the past year, the loans made, including renewals, exceed one million dollars on property valued by our own inspectors at more than twice that sum; and I am confident the other members of the Board will agree with me in saying that the property accepted in every instance afforded undoubtedly ample security.

The fact that the renewals last year were much larger than in former years is a gratifying indication of the increasing popularity of the Huron & Erie amongst its borrowers, as renewals are only made after the property has been reinspected.

Mr. W. J. McIntosh said that for years he had been in the habit of carefully examining the Annual Reports, and he could remember no statement showing such a phenomenal increase of business as that for the past year. The cash value of mortgages had increased over half a million dollars, the average increase in former years being, if he recollected aright, less than half that amount. The profits had also largely increased, amounting to nearly 11 per cent. on the paid-up stock, which he felt sure entirely justified the most favorable comments. One of the most remarkable features of the Report was that there had been no loss on real estate; but on the other hand, \$124 previously written off had been recovered. This certainly pointed to very good management, especially in view of the great depreciation in the value of property. Then, there was no property on hand except a very small amount, which had just fallen into the hands of the Company. He thought few institutions could show as satisfactory a Report in this respect as the Huron & Erie, a state of affairs which must be very gratifying to its many friends.

Mr. V. Cronyn said that the words of the President and Vice-President needed no confirmation by him, but he might add that as the securities pass under his notice, as Solicitor, he could safely say that the Huron & Erie were never more careful in taking loans and investigating the securities offered. He felt sure the loans were of as high a class as in the past, and that even more care is taken now with regard to the inspection. If there is any doubt whatever about the security, it is never accepted, and to his own knowledge many loans refused by the Huron & Erie were gladly taken up by others as safe investments.

Messrs. F. E. Leonard and P. Mackenzie also commented favorably upon the Report, which was unanimously adopted. The usual votes of thanks, and motions to fix the remuneration of the President, Directors, and Auditors, were unanimously passed. The retiring Directors were unanimously re-elected, and the Board is now constituted as follows:—J. W. Little, President, John Beattie, Vice-President, Wm. Saunders, Hon. E. Leonard, Philip Mackenzie and A. W. Porte.