

CANADA PERMANENT Loan & Savings Company

THIRTY-FIFTH ANNUAL REPORT,

DECEMBER 31st, 1888.

<i>Subscribed Capital</i>	- - -	\$ 4,500,000
<i>Paid-up Capital</i>	- - -	2,500,000
<i>Reserve Funds</i>	- - -	1,320,000
<i>Total Assets</i>	- - -	11,265,335

Directors:

J. HERBERT MASON,
PRESIDENT AND MANAGING DIRECTOR.
EDWARD HOOFFER, VICE-PRESIDENT.
S. NORRHEIMER, JUDGE ROYD,
A. M. SMITH, RALPH K. BURGESS,
HENRY CAWTHRA, WM. G. GOODENHAM.

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

JONES BROS. & MACCENZIE, SOLICITORS.

Bankers in Canada:

BANK OF TORONTO, | BANK OF COMMERCE,
MERCHANTS' BANK, | STANDARD BANK,
ONTARIO BANK.

Bankers in Great Britain:

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

OFFICE:

Company's Buildings, Toronto Street, Toronto.

The Corp. Clerk, Company's Buildings, Toronto St., Toronto.

REPORT OF THE DIRECTORS

OF THE

CANADA PERMANENT LOAN AND SAVINGS COMPANY.

FOR THE YEAR 1889.

The Board of Directors have much pleasure in submitting for the information of Shareholders, the usual duly Audited Statements of the business of the past year, and of the condition of the Company on 31st December, 1889.

From these Statements it will appear that the aggregate transactions again exceed, by a considerable sum, those of any previous year.

There were received on account of Mortgage Loans \$2,310,989; and Loans to the amount of \$2,255,933 were granted. The total sum invested in Mortgages and Debentures at the close of the year was \$11,029,658.

The amounts accepted by the Company for investment were: On Deposit, \$513,541; on Debenture, \$985,889; and on Debenture Stock, \$82,392. The net increase in these items was \$614,074.

The Total Assets exhibit an increase of \$678,716, and at the end of the year amounted to \$11,265,335.

The demand for money was good, enabling the Directors to keep the largely augmented funds of the Company always well employed. The average rate of interest was about the same as in the year previous. In the last few months the money market generally became more stringent, and a slight advance in lending rates took place.

The customary half-yearly dividends of six per cent. each, were declared, on the enlarged Capital Stock. After also charging the Revenue Account with the Shareholders' Income Tax on Dividends, and providing for all items of expense and loss, as well as anticipating possible deductions on properties held for sale, the sum of twenty thousand dollars has been added to the Reserve Fund, which now amounts to \$1,340,000. The Contingent Fund of \$111,415 is considered amply sufficient to protect the Reserve Fund, and guard against any diminution in value not at present foreseen.

From general causes affecting the products of agriculture in Europe and in the United States of America, as well as in Canada, there exists a considerable depression in the market value of farming lands in all these Countries. Since the disappointing results of the last harvest of cereals in Ontario and Manitoba became manifest, this depression has become still more decided. Notwithstanding this, the property in the hands of the Company for sale is less than it was in previous years, when the amount invested was much smaller. It is hoped that more favourable climatic conditions, followed by more abundant crops, may reward the labors of husbandmen during the coming season.

It is with deep regret that the Directors record the demise of an esteemed member of the Board, Mr. William Gooderham. To their appreciation of his earnest interest in the Company's welfare, the Directors desire to join their testimony to his well-known high character as a Christian philanthropist.

Mr. William G. Gooderham was elected to fill the vacancy at the Board.

All which is respectfully submitted.

J. HERBERT MASON,
President.

Proceedings of the Thirty-fifth Annual Meeting.

The Thirty-fifth Annual Meeting was held in the Company's Building on the 19th February, 1890, at 12 o'clock noon.

The President, J. Herbert Mason, Esq., occupied the chair, and the following Stockholders were present:—Messrs. R. K. Burgess, C. C. Baines, Judge Boyd, Philip Browne, J. P. Clark, E. Corner, W. Cook, W. N. Evans, W. G. Gooderham, C. H. Gooderham, R. T. Gooderham, Edward Hooper, C. E. Hooper, R. Heather, G. R. Hamilton, R. S. Hudson, Clarkson Jones, Beverly Jones, G. W. Lewis, Alfred Meyers, G. A. Mackenzie, Alfred J. Mason, Rev. Dr. Moffatt, P. L. Mason, G. W. Monk, Herbert Mortimer, S. Nordheimer, A. Nordheimer, M. O'Donnell, J. A. Proctor, John Ramsden, George Robson, T. M. Rowland, A. M. Smith, G. A. Stinson, W. A. Sampson, James Steet, A. Smith, G. W. Strathy, Mus. Doc.; J. J. Woodhouse, A. Wills.

The Secretary read the Report of the Directors and Financial Statements for 1889.

The President said:

GENTLEMEN.—In moving the adoption of the Directors' Report and Financial Statements for the past year, it is not necessary that I should detain you with any lengthened remarks. The Company's Annual Statements are very full, containing not only the results of the year's operations, but also showing the business done.

Remarks have been made about our adhering to the old plan of publishing a Cash Statement, a practice which some Companies have discontinued. There are two reasons for this. In the first place, I think that Statement conveys important information to the Stockholders which does not appear in the Profit and Loss Account and Balance Sheet, which are a record of results only; and, in the second place, the General Act under which we are incorporated makes it imperative that a Statement shall be presented to the Shareholders, at least once every year, containing an account of all moneys received or expended since the publication of the preceding Statement, and that a copy shall be furnished to the Shareholders free of charge; so that, in adhering to the old form of Statement, we are simply complying with the terms of the Act.

Among our receipts the Shareholders will, I am sure, be struck by the large amount received on account of mortgages. The payments made by our customers last year were most satisfactory, never better, and speak well for the general character of our investments. They will also be struck by another large item—the sum we received on sterling debentures and debenture stock, amounting to more than a million dollars, none of it costing more than four per cent. per annum and some less. No more satisfactory evidence than this can be afforded of the high position the Company holds in the market where we obtain our funds.

Among the items of expenditure it will be seen that we did a large business in the way of lending last year. The demand for money throughout the year was good, and we were able to select our securities. There was no necessity for trenching upon our lines either in regard to the class of securities, or to the proportion of the value we lent upon them.

Another item in the expenditure I wish to advert to is the "Cost of management." That item exhibits an increase of about \$8,000 over last year. It is right that you should know that there is no such actual increase in expense. The apparent increase arises from the fact that last year we organized a branch for conducting our business in Winnipeg, taking an office of our own, and paying the officers fixed salaries instead of commission. Thus the expenses that appeared before in the shape of "Inspection" and "Charges on money borrowed and lent" last year went into the general expense account. You will see that the aggregate of the expense items is about nine thousand dollars less than in the previous year.

We began last year with \$200,000 more than in the previous year of Stockholders' capital, upon which to earn dividends. The dividend on that new capital took \$24,000 out of the revenue of the year. I need scarcely inform you that the profit-making power of a Loan Company very much depends upon the proportionate amount of its borrowed funds, and the rate at which it is able to obtain these funds. If we had only our Stockholders' capital to work with, there would be no twelve per cent. dividends nor anything approaching them. Last year we had this \$200,000 of additional capital, and at first had not the profit-making borrowed money upon which to earn that dividend. It was, however, made up during the year. We begin this year with a revenue-earning power \$800,000 greater than we had last year, and we have no larger amount of stock capital to pay dividends upon. I think it well to point this out, because but for it we might have been able to carry something more than we did to the Reserve Fund.

The average rate of interest during the preceding year, as stated in the report, was maintained. In the Directors' Report for 1888 reference was made to the fact that money was now down to the lowest point at which it could be imported and lent here. That statement has been sustained by the experience of last year. I do not anticipate a return to the high rates of older times, but I do think they cannot long remain below what money can be imported at, so as to leave a fairly remunerative profit to those who incur the responsibility of bringing it to this country, and the risk and expense of investing it.

The same close inspection of properties and rigid scrutiny into the value of securities remaining in our hands has been carried out this year as in previous years. We had hoped for an improvement in Manitoba, which has not to any great extent taken place; and we were met by a further depression in Ontario, which had to be provided against. Wherever there is the slightest reason to anticipate any loss in realizing upon our securities they have been written down. We do not leave the writing off of a probable loss until it is made, but look ahead and provide for it out of the current year's revenue.

On the whole, I think the Shareholders may be congratulated on the satisfactory result of the year's business, and on the unquestionably strong position the Company has now attained. The anticipations which I expressed here last year, as to the earnings of the Company, and, as far as we can foresee, of the permanence of our dividend, have been confirmed by what has taken place during the year. The revenue-earning power of the Company is greater to-day than it was a year ago.

These are the only points, gentlemen, that I consider it necessary to call your attention to. If any Shareholder present would like information upon any point not touched upon, I shall be very happy to furnish it as far as I may be able.

The President then read a motion for the adoption of the Report, which was seconded by the Vice-President, E. Hooper, Esq., and unanimously adopted.

It was moved by C. H. Gooderham, Esq., seconded by George W. Lewis, Esq.—

That the thanks of this meeting be given to the President, Vice-President and Directors for their careful and successful supervision of the Company's business during the past year, and that the same sum be voted to them as compensation as was voted last year. Carried.

It was moved by A. Nordheimer, Esq., seconded by J. J. Woodhouse, Esq.—

That, recognizing the continued prosperity of the Company, the Shareholders desire to express their thanks to the Assistant Manager and the staff of the Head Office; to the Solicitors and Appraisers, and to the Agents of the Company, for their zealous and efficient services in the management of the affairs of the Company during the past year. Carried.

The usual vote was passed to the Auditors, who were reappointed.

The election of Directors was then held and resulted in the unanimous re-election of Messrs. Edward Hooper, A. M. Smith, Ralph K. Burgess, and William G. Gooderham.

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