

not faced, but which, upon a rigorous examination, we feel convinced will absorb not only the whole of the Reserve Fund, but also nearly one-third of the paid-up capital of the bank, say, £800,000 in all.

"You will naturally and properly expect from us something in elucidation of a state of things so startling, and which we had so little right to expect.

"It is obvious to us that for years past the bank has been paying a rate of dividend it ought not to have paid. Securities have been held and accounts kept going in the vain hope of a recovery of the values placed upon them in what was, in fact, a period of inflation; and supervening upon this, within the last two or three years, heavy losses in Australia brought matters to the climax which we are now under the unpleasant necessity of facing.

"Finally, we find that advances have been made to some of the directors upon insufficient security, and from these advances heavy loss has arisen, estimated by us as over £160,000; while certain transactions have come under our notice calling for the gravest censure, if not for more specific action."

These losses were met by writing off £300,000 from the bank capital (and also the whole of the Reserve Fund, £500,000). Dividends at the rate of 7 per cent. were paid during the year, amounting to £59,500. The writings off accounts for the year amounted to £216,885.

1889.

In 1889 the share capital was increased by the issue of 25,000 new shares of £10 each, £10 paid up, and 25,000 shares of £10 each, £7 paid up. This, together with the then share capital, £700,000, brought up the capital to £1,124,824. Dividends at the rate of 7 per cent. were paid during the year, amounting to £72,438. The writings off accounts amounted to £109,565.

1890.

In 1890 the capital stood at £1,125,000. No dividend was paid during the year. The writings off the accounts, consequent on the losses revealed to the shareholders' committee, amounted to the unprecedented sum of £1,169,555, of which £1,088,795 was written off the Consolidated Properties Account."

1891.

In 1891 the capital was written down by £227,167, leaving £897,833. Dividends were paid amounting to £43,750. The writings off the accounts amounted to £18,949, and £10,000 was placed to the credit of a new Reserve Fund.

1892.

In 1892 the capital of the bank was £900,000, the increase, £2,167, being due to the payment of calls in arrear. Dividends at the rate of 5 per cent., amounting to £45,000, were paid during the year, and the Reserve Fund was increased to £35,000. The writings off accounts amounted to £20,198."

1893.

In 1893 the bank's capital remained at £900,000. Dividends were paid amounting to £45,000, and the Reserve Fund was increased to £45,000. The writings off accounts amounted to £13,532.

1894.

In the beginning of this year, 1894, the capital stood at £900,000. No dividends were declared, and the Reserve Fund stood at £45,000. Towards the end of this year the £2,000,000 "A" guaranteed stock was created. The writings-off accounts amounted to £15,164.

1895.

In 1895 the capital stood at £3,059,745, being

	£
Old capital	900,000
"A" guaranteed stock	2,000,000
Proceeds of first call	159,745

£3,059,745

No dividends were paid. During this and the following year £1,531,951 was written off, which was allocated as follows:—

	£	s.	d.		£	s.	d.
Capital	900,000	0	0	Call, 1895, to Estates			
Reserve Fund	45,000	0	0	Company Share Account	441,206		
Call, 1895, received to 13th July, 1896	441,206	0	0	Share capital to Estates Company			
Profits	7,031	10	5	Share Account	323,100		
Profits	£49,470						
And from Suspense Accounts	4,723			To Estates Company	764,306	0	0
	54,193	0	0	Contingency Fund	171,136		
General Contingency Account	62,480	18	8	Bad debts written off	542,316		
Interest Suspense Account	3,720	5	10	Further, for March, 1896	54,193		
Recoveries	105	6	3				
Consolidated Properties Account	41	10	10	To bank	767,645	0	0
Reserved Profit Account	17,968	8	0				
Bad Debt Suspense Account	204	0	0				
	£1,531,951	0	0		£1,531,951	0	0