the Government and is not a grant For the purpose of buying grain, the Company may borrow from a bank on the security of its uncalled capital stock. It may hypothecate to the bank the grain which it buys. It may mortgage any real or personal property it acquires, and, generally, it may arrange to raise the necessary funds in exactly the same manner as other companies do. The Government neither gives nor loans to the Company any money with which to buy grain. (Sections 27, 24, 30, 4.)

Question—How are the earnings of the Company spent?

Answer—The money earned by the Company is spent as follows:

(1) Expenses of operating and maintaining the elevators, etc., are first paid; this includes head office expenses, salaries, etc.

(2) Amounts due to the Government for principal and interest on loans made for the purpose of acquiring elevators will next be paid.

Divisions of Profits.

(3) A dividend of not more than 10 per cent. may come next; it rests with the Company to decide whether any, and if any, how much, of the profits shall be distributed in the form of a dividend.

(4) The balance, if any, may then be divided according to any one of several plans. After the dividend has been paid, (and this has been the policy hitherto adopted) 50 per cent. of the balance of the surplus, or profits, may be applied on the unpaid portion of the shares that were allotted prior to the first of April in the financial year during which such surplus was earned. That is to say, a certain amount may be placed to the credit of the shareholders for each share they hold, increasing its paid up value and lessening the unpaid portion for which the shareholder is liable, thus improving the Company's standing by increasing the paid up capital, without making further calls upon the shareholder. If this procedure is followed for a number of years the shareholders may in time become possessed of fully paid up shares without having been called upon for more than the first payment of 15 per cent. Or again, half of the remaining surplus, after the dividend has been paid, may be divided amongst the shareholders on the basis of the business brought by them to the Company; thus, the man putting five thousand bushels of wheat through a co-operative elevator would receive five times as large a share of the balance after the dividend has been paid as would the man putting only one thousand bushels through. This should naturally encourage loyalty to their own elevator upon the part of the supporters of a local; or, half of the balance may be paid to the shareholders upon the basis of the profits earned by the particular local to which each belongs compared with the profits earned by others.

Having disposed of 50 per cent. of the profits (after the payment of the dividend, if any, has been provided for) in accordance with one, or more, of the plans outlined, the balance must be placed to a reserve fund which would be a nest egg for use in a bad year, should one be experienced. Thus, several plans for the distribution of profits are provided in the Act, and the choice of any, or either, lies with the Company. (Sections 20, 21.)