

RESERVES

Debentures Paid	\$ 823,427.33
Sinking Fund Reserve	1,455,561.25
Sinking Fund Reserve in respect of Provincial Commission's Plant	338,940.06
Depreciation Reserve	3,145,035.66
Contingency Reserve	292,530.59
Renewal Reserve in respect of Provincial Com- mission's Plant	1,508,875.94
	<hr/> \$7,564,370.83

SURPLUS

\$2,177,934.37

\$-0,693,070.00

The accounts of every Hydro-Electric Utility are kept in a uniform manner in conformity with the Accounting System published by the Commission. This code was prepared by a special committee of Chartered Accountants and Engineers and follows the general practice of public service corporations in the United States with such minor changes as were necessary to adapt it to a System financed by debentures rather than capital stock.

The Hydro Department balance sheets of all the Municipalities in the Niagara System as at December 31, 1919, have been combined into one, and is shown below. The municipal investment in plant is shown divided into its principal component parts and in the last line will be found the proportion of the Hydro-Electric Power Commission's System which they have assumed. The current assets are also set out in sufficient detail that further explanation is hardly necessary. The sinking fund deposited with the municipal treasurers is the provision

already made for the retirement of local sinking fund debentures, while the sinking fund with the Hydro Commission is the progress already made towards paying off the Commissions' investment above mentioned. The renewal fund is in respect to the Hydro Commission's System only and not the local distributing Systems, for which a provision of over Three Millions will be found among the Reserves. The local systems being largely financed with serial debentures calling for a payment on principal each year instead of a sinking fund; such payments have been charged direct to the Debenture Balance Account and properly appear among the Reserves as "Debentures Paid." Strictly speaking Debentures Paid, and the Sinking Fund Reserve for both local Systems and Provincial Commission's Plant may quite properly be considered as Surplus and added to the free Surplus, making a total Surplus from operation of nearly four million eight hundred thousand dollars.