

and when, therefore, the permanent organization of the Company's service shall have been completed.

The additions made to the mileage of the Road, as originally contemplated, the necessity of engaging in the navigation of Lake Simcoe, and the unprecedented advance during the past year, in the cost of all items of construction, have resulted in some excess of expenditure beyond the original estimates. In view, however, of the remunerative character of the additional Works undertaken, the expenditure therein will, it is believed, fully justify itself, whilst the Directors are satisfied that as close a concurrence with the estimates has been maintained as was possible, under the abovementioned contingency of prices, to which enterprises of this nature have all alike been subjected.

To the above items of special expenditure are to be added others not chargeable to the practical construction of the Line, as Interest and Discounts on the Financial operations of the Company, legal and general management expenses; which, together, comprise a considerable deficiency still to be provided for.

This deficit would not have occurred, had the anticipations of the Company, in regard to the assistance derivable from the Government Railway Guarantee Fund, been realized.

The Directors, in view of the Act of Parliament passed in that behalf, always confidently relied on receiving, in concurrence with the provisions of that Act, a sum equal to half the total expenditure of the Company in construction. Had the amount so anticipated been received, no deficiency of Capital would have taken place; the Directors, however, have reason to hope that, when this shall have been represented to the proper authorities, the balance still payable on the original estimate of guarantee will be transferred to the