

expenses, which of course have now ceased, amounted to \$15,420.53 (see Statement No. 3) of which 25 per-cent. (\$3,855.13=£792.2.11 stg.) has been charged against this half-year, a similar half-yearly charge having been authorized until the whole shall have been covered.

11. The balance of net Revenue available for appropriation to Dividend has been \$251,587.51 = £51,696 1s. 6d. sterling, and as, according to the agreement of 6th June, 1879, no final division of net revenue can be made until 30th June, 1880, this sum has been carried over to the next half year, interim advances to the two Companies having been made on account, to the extent of their respective Dividend liabilities upon all classes of their Debentures; together amounting to the sum of £46,569, and therefore showing a surplus balance of £5,127 1s. 6d. sterling to the credit of 1880 (see Statement No. 2).

12. The issue of the Company's Five per cent. First Mortgage Bonds has recently been completed, and the Directors submit a statement of the same, showing the appropriation of the proceeds, and the balance held unissued for redemption of so much of the Northern Extension Bonds as have not yet been brought in for consolidation.

The Directors also present a statement of the issue of Six per cent. Preference Stock, made under the authority of the proprietors at the Special General Meeting of the Company, held on the 7th June, 1877.

The result of these issues has been to extinguish the floating debt of the Company on capital account, created by the amalgamation of the Muskoka and North Grey Railways, by the redemption of the lien of the Government of the Dominion upon the properties of the Company, and by extensive additions to the Rolling Stock and other equipments of the lines; and the Directors regard with satisfaction the relief which these measures will secure to the operations and revenues of the undertaking.

The Directors take the opportunity of submitting a statement (see Statement No. 6) of the Capital Account of the Company as it now stands, shewing the ranks and amounts of the respective classes of Debentures, and of the Preference and Ordinary Stock.

13. There has been so much misconception with regard to the policy and action of this Company in relation to the entrance of the Credit Valley Railway into Toronto, that the Directors desire officially to record the following facts:—

(1) That on the 19th April, 1879, arrangements were mutually adopted by the Companies under which the Credit Valley Railway Company might then, and at any time since, so far as this Company is concerned, have proceeded with the construction of its line into the city.

(2) That on the 3rd July, 1879, this Company, by its counsel, stated to the Railway Committee of the Privy Council, that it acquiesced in the decision authorizing the Credit Valley Railway Company to construct a through and independent line from Parkdale to the Bay, according to the plan and report of Mr. F. Shanly, C. E., as approved and adopted by the Privy Council.