

Cash on hand.....	\$2,302 66
	<u>\$2,520,551 07</u>
LIABILITIES.	
Capital stock paid in.....	\$1,250,000 00
Bonds 5%, payable Jan. 1, 1927.....	1,000,000 00
Accounts payable.....	\$51,416 15
Wages for December.....	8,733 35
Dividend due Jan. 5, 1903.....	18,750 00
Car license due Feb. 1, 1903.....	900 00
City of Winnipeg, do.....	9,986 44
Unredeemed tickets.....	10,886 44
Bank of Montreal.....	3,417 46
Suspense.....	10,208 49
Surplus.....	14,559 13
	<u>152,580 05</u>
	<u>\$2,520,551 07</u>

REVENUE AND EXPENDITURE.	
Gross earnings.....	\$395,825 65
Gross expenses.....	210,984 86
Net earnings.....	\$184,840 79
Earnings from gas stoves.....	1,266 22
	<u>\$186,107 01</u>
Fixed charges.....	\$70,404 53
Directors' fees.....	1,750 00
Dividends.....	64,962 74
Construction contingent account (transfer).....	25,000 00
	<u>162,117 27</u>
Surplus for year.....	<u>\$ 23,989 74</u>

PROFIT AND LOSS ACCOUNT.	
Balance at credit, Dec. 31, 1901.....	\$128,590 31
Surplus, 1902.....	23,989 74
Balance at credit, December 31, 1902.....	<u>\$152,580 05</u>

The board was re-elected as follows: President, W. Mackenzie; Vice-President, W. Whyte; Secretary, F. M. Morse; other directors, Sir W. C. Van Horne, D. D. Mann, A. M. Nanton, D. D. Hanna.

1902 was the first year under the agreement, for which the Co. paid a percentage to the city on the gross earnings of the railway. At 5% on \$199,728.80 this amounted to \$9,986.44.

British Columbia Electric Railway Co.

The report to June 30, 1902, embraces 15 months' operations from April 1, 1901. The directors report increased business in all departments, the profits again show an increase, and future prospects continue satisfactory. For the 15 months the gross receipts from the electric railways in Vancouver, Westminster, and Victoria, from electric lighting in Vancouver and Victoria, and from miscellaneous sources were \$691,487, an increase of \$80,369 over the corresponding period. The working expenses were \$426,760, an increase of \$52,929; and the net earnings were \$264,727, an increase of \$27,440. The net profits of 15 months, after deducting London office expenses, writing £1,000 off preliminary and issuing expenses, and providing £10,036 11s 6d for renewals, were £39,544 5s 6d, to which add balance from previous year, £63 13s 10d, making £39,607 19s 4d. Deduct debenture interest to June 30, 1902, £14,032 6s, and dividend on preferred ordinary stock for 12 months to March 31, 1902, £10,000, leaves £15,575 13s 4d available for distribution and reserves. From this the directors have decided to provide for the balance of dividend on the preferred ordinary stock (3 months to June 30, 1902) £2,500; to recommend the payment of a dividend on the deferred ordinary stock of 4% per annum, which, including income tax, will absorb for the 15 months £10,628 18s 3d; to transfer to capital amortization account £1,913 3s 6d; and to carry forward to next account a balance of £533 11s 7d.

Work on the Vancouver water-power plant has been undertaken and vigorously and successfully pushed since last July, and the board hopes to have the use of the first 1,000 horse-power early in 1903, and 5,000 horse-

power more in about two years' time. On the advice of the engineers the dead-work is being constructed of considerably larger dimensions than was at first contemplated, and will be sufficient to provide water for an electrical plant of a capacity of 20,000 horse-power, the electrical machinery for which can be added in units of 1,000 horse-power as required. Owing to lack of capital, pending the issue of the new preference shares, additional rolling stock, which is most urgently needed, has not been built, and, in consequence, a considerable amount of profitable freight business had to be refused during the last half of 1902. The directors have instituted a scheme by which the employees in B.C. will in future participate in the Co.'s profits after the payment of a dividend to the deferred ordinary stockholders. They feel sure that the shareholders will approve of the principle of the Co. giving to its employees a direct interest in its fortunes, as a mark of appreciation for their loyal and zealous services, and that the institution of this profit-sharing scheme will conduce to the future prosperity of the Co. During the 15 months the Co. expended \$256,131.06 on capital account.

At the annual meeting in London, Eng., Jan. 21, the Chairman stated that in the report the directors stated that it was their intention to recommend the payment of a dividend on the deferred ordinary stock of 4% per annum for the 15 months ended June 30, 1902. Since the report was issued they had received advices from B.C. stating that the Co.'s business was increasing again in a manner which had not been anticipated. A large number of important buildings which required lighting were being erected in the city. In view of this fact, and of other expenses, the directors had consulted with the principal holders of the deferred ordinary shares, and it has been thought advisable, instead of paying the whole of the dividend in cash, that the 15 months' dividend should be paid in deferred ordinary shares representing the amount, and, further, that on Jan. 28 the usual (interim) dividend of 4% per annum on the deferred ordinary shares should be paid in cash. The necessary resolutions approving of the action of the directors were passed. The directors were re-elected as follows: R. M. Horne-Payne, Chairman; Hon. M. R. Gifford, G. P. Norton, R. K. Sperling, London, Eng.; F. S. Barnard, Vancouver.

The Co. recently offered for subscription to existing preferred and deferred ordinary shareholders and 4½% first mortgage debenture-holders 7,500 5% cumulative perpetual preference shares of £10 each, to provide additional working capital.

Calgary & Edmonton Railway Co.

A meeting of certificate-holders in this Co. was held in London, Eng., Feb. 6, Wm. Trotter, chairman of the bondholders' committee, presiding, for the purpose of considering and approving a provisional agreement between the C.P.R. Co. and the committee, as holders of deposited bonds and interest certificates, providing for the delivery to that Co. of the 6% first mortgage bonds and interest certificates in exchange for C. and E. Ry. 4% registered debenture stock for £1,121,700, the interest on such stock to be payable half-yearly by the C.P.R. Co. direct to the stock-holders, and to authorize the committee as holders of the deposited bonds and interest certificates to enter into a definitive agreement with the C.P.R. Co.

Mr. Trotter recapitulated the history of the Co. up to Oct. 7, 1902, when the bondholders' committee was appointed, and the negotiations that had since taken place with the C.P.R. The agreement entered into as a result of the negotiations was one upon which

the bondholders might be congratulated. The committee wished to obtain more, but they hardly hoped or expected to get it. The new stock was to be a 4% debenture stock, and the C. and E. Ry. was to be put on the list of the lines of the C.P.R. for 99 years at a rental which would give 4% on the whole of the debenture stock. This the C.P.R. guaranteed to pay, and at the end of the 99 years the C.P.R. would either repay the principal of the bonds at par, or would enter into a new lease for another similar period of 99 years. The value of these bonds should be worth at least as a minimum 106%. Taking the value as £106, the £94 10s stock would produce about £100 3s 5d, or just over par for the C. and E. Ry. bonds, but the committee anticipated that the price of the stock would range above 106, and that would be the amount of profit to the bondholders. The total amount of stock to be received from the C.P.R., supposing every one of the bonds and certificates came in, was £1,121,700. Of this new stock £1,060,006 would be required to be distributed at 94½%; that left £61,693 10s of stock to be sold by the committee, which would provide for the expenses, and about 34% of the outstanding arrears of certificates and interest, which made a total of £168,225. Of the total amount of £1,121,700 bonds, there had been deposited £1,095,900, and there were only really about £25,000 outstanding. That was less than they could possibly have expected. Out of the £168,000 in scrip issued they had got in nearly £148,000, leaving a balance of a bare £20,000, which was very satisfactory. It was only on this large show of trust in the committee that the C.P.R. keenly entered into the negotiations. At the outset the C.P.R. laid down two indispensable conditions, namely, that the whole of the common stock of the C. and E. Ry. Co. should be acquired by it on satisfactory terms, and transferred to it, and that would take considerable time and trouble to arrange. The stock-holders did not reside in this country, and it was impossible that they should have others remaining as proprietors. He thought the committee was to be congratulated on having been able to arrange such a purchase. The other point was that the whole of the bonds issued and held in connection with the unpaid interest should be handed over to them. If, therefore, any of the bonds or interest certificates were not forthcoming, an equivalent amount of stock would be retained in the hands of the C.P.R. Co., which would be ready to make the exchange, as the small balance might be presented. The final contract and details had been arranged for signature, and the payment of interest would be made on Jan. 1 and July 1, and the first payment would be made on July 1 next; that was to say, on the understanding or basis of an agreement that the net receipts of the C. and E. Ry. Co. from Jan. 1 were to be handed over to the C.P.R. Co., and kept by it. He concluded by moving: "That the provisional agreement submitted to this meeting, and dated Jan. 29, 1903, and made between the C.P.R. Co. and the London committee of bondholders of the C. and E. Ry. Co., appointed Oct. 7, 1902, providing for the issue to the committee of £1,121,700 C. and E. Ry. 4% registered debenture stock in exchange for all the 6% first mortgage bonds and unpaid interest certificates of the last-named company be, and the same is hereby approved, and the committee is hereby authorized to enter into a definitive agreement upon the terms of the provisional agreement, and such other terms and conditions as the committee and the C.P.R. Co. may agree." This was adopted.

It was also resolved: "That the committee be, and they are hereby authorized to distribute to their certificateholders C. and E. Ry. 4% registered debenture stock at the rate of £94 10s of stock in exchange for each £100