

In the meantime, the Directors, recognizing the value of the Export Trade of Collingwood with Chicago, rapidly growing to importance, will be glad to find that they can promote it by such limited and prudent transactions with the West as may be mutually profitable to the Company and that Town. The Directors, however, repeat, and would strongly enforce, their conviction, expressed last year, that nothing should be allowed to interfere with that punctual operation and continued development of the Local Trade, which has, during past years, been a ruling principle in the management of the Line.

The Earnings and Expenditure of the year may be thus stated :

Gross Earnings from all sources.....	\$406,606 55	£83,549 5s. 9d. stg.
Working Expenses, \$218,538 62	£44,905 3s 10d	
Other Charges to } Revenue }	\$8,340 12	£1,713 14s 6d
Total Revenue Expenditure 1863,	\$226,878 74	£46,618 18s. 4d. stg.
Net Revenue 1863....	\$179,727 81	£36,930 7s. 5d. stg.

The Directors invite an examination of the Accounts and Appendices attached hereto, which afford the fullest details as well of the expenditure of the year itself, as in comparison with previous periods. In previous Annual Reports the Proprietors have always been invited to expect that so soon as the works had been completed and the advantages of the new Capital expenditure availed of, and that account closed, a permanent reduction in the working expenses, and an augmentation in net Revenue would naturally and surely result. It is with the greatest satisfaction that they are now enabled to report that these anticipations have been fulfilled. So long since as 1859, when the Company's Act 22 Victoria was under discussion, it was submitted on estimate that "*on a gross earnings of \$380,000 00 (£78,082 Sterling,) assuming the new Capital expenditure to have been made, and the works established in efficiency, the Line could be worked at an annual outlay of \$218,142 00 (£44,823 13s. 11d. Sterling,) and the Interest on the Capital be thus secured.*"

It is as creditable as it is gratifying to note that in 1863, being the first year subsequent to the closing of the Capital account, that estimate has been literally fulfilled: for whilst the "Working Expenses" have been reduced to \$218,538 62 (£44,905 3s. 10d. Sterl-