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Annual Report of Canadian Pacific. It is not to be wondered at that leading financial periodicals throughout America have got in the way of referring to the Canadian Pacific as a railway that is *sui generis*. The phenomenal character of its business expansion since its entrance upon the second quarter-century of its history has attracted world-wide attention, not alone to the progress of the company itself, but also to the growth and development of the vast territory which it has been so largely instrumental in opening up.

In remarkable contrast to the twenty-sixth annual report which has just appeared for the year ended June 30, 1907, is the first statement of earnings, presented at the annual meeting held in 1886. Still more worthy of note, because reflecting recent development, is a comparison of the past year's results with those of two years ago.

	1885	1905	1907
Gross earnings.....	\$3,368,493	\$50,481,882	\$72,217,527
Expenses.....	5,143,276	35,006,794	46,914,218
Net earnings.....	\$3,225,217	\$15,475,088	\$25,303,309

In comparing 1907 results in more detail with those of 1906 the following summary is of interest. The advance in the ratio of operating expenses is due partly to an unusually heavy winter, as well as to higher wages and prices for materials.

	1906	1907
Gross.....	\$61,669,758	\$72,217,527
Operating expenses.....	38,696,445	46,914,218
Per cent. of gross.....	62.75	64.96
Net earnings.....	\$22,973,313	\$25,303,309
Other income.....	1,969,447	2,364,480
Net income.....	\$24,942,760	\$27,667,789
Charges.....	8,350,545	8,511,766
Surplus.....	\$16,592,215	\$19,156,033
Preferred dividends.....	1,660,133	1,736,228
Balance.....	\$14,932,082	\$17,410,805
Earned on present amount of ordinary stock (\$121,680,000)	12.3 %	14.3 %

The net surplus for 1907 is \$9,339,005, as follows:

Surplus from earnings.....	\$19,156,033
Transferred to steamship replacement fund	\$700,000
Pension fund contribution.....	80,000
Two half-yearly dividends of 2% on preference stock.....	1,736,228
Two half-yearly dividends of 3% on ordinary stock.....	7,300,800
	<u>9,217,028</u>
Net surplus for year.....	\$9,339,005

It is to be borne in mind that in addition to the above dividends on ordinary stock, 1 p.c. was declared from interest on land funds. During the year the land sales, which are not included in the above statement, amounted to \$5,887,377 for 994,840 acres. At present the company owns 8,905,823 acres of land in the Provinces of Manitoba, Saskatchewan and Alberta. The average price for lands on sales actually originating during the past year was over \$8 per acre, but the prices as time goes on will undoubtedly be still greater. In addition there are 3,419,673 acres held in British Columbia. This is over and above the assets as given on the next page.

Various matters of special interest to shareholders and the public are referred to in Sir Thomas Shaughnessy's report, among them being: the issue of £930,000 4 p.c. consolidated debenture stock, the proceeds of which were applied towards the construction of various branch lines, and the acquisition of mortgage bonds the interest on which had been guaranteed by the company; the creation and sale of additional preference stock to the amount of £250,000 for the purpose of meeting expenditures already sanctioned; the issue by the Minneapolis St. Paul and Sault Ste. Marie Railway of \$3,500,000 consolidated mortgage bonds to meet the cost of construction of 175 additional miles of railway. Owing to unexpected difficulties in constructing the line from Sudbury to Kleinburg, the directors asked for authorization to issue a further amount of 4 p.c. consolidated debenture stock, not to exceed an additional \$10,000 per mile of the 226 miles under construction.