GRAND TRUNK OF CANADA.

REPORT for the half-year ended the 31st of December, 1868.

Dec. half of 1867.		Dec. half of 1868.
£		£
704,379..	The gross receipts upon the whole undertaking, including the Buffalo & Champlain lines have been	756,163
	Deduct—	
447,306..	The working expenses, exclusive of renewals (being at the rate of 59 44 per cent,) against 63 50 of the corresponding half of last year..........£449,487	
85,819...to revenue	The renewals and improvements of the permanent way and works in the half-year debited 126,772	576,259
6,164...Loss by fires at Toronto and Sarnia ...		
165,090..	Leaving an available net balance of	179,904
39,385..	Deduct loss on Amerion Currency ..	43 318
125,705		136,586

To this sum. £136,586
has to be added the balance carried from net revenue account of last half-year of . 8,835

Making a total balance of 145 421
From this, however, has to be deducted the amount of postal and military revenue due for the half-year to the postal bondholders of....... 16,171

Leaving the balance of £129,250

Applicable for the following payments:—

	£	£
Interest, &c., paid on lands. ..	1,873	
Do. on mortgage to Bank of Upper Canada	4.424	
Do. on loans, bankers balances, promissory notes European exchange, &c.	4,785	
Do. on British American Land Company's debentures	616	
Do. on Montreal Seminary debentures..	616	
Do. on Island Pond debentures..	2,700	
Half-yearly instalment ou Portland sinking fund	2,348	
		17,362
Atlantic & St Lawrence lease (in full) ..	32 809	
Detroit line lease (in full) . .	11,259	
Montreal and Champlain Railway Company	9 914	
Buffalo and Lake Huron.....	19 268	
		73 232
Equipment bond interest		10,799
Balance...........		27,877
Total		£129 250

Comparing the results of the half-year's working with the corresponding period of 1867, there is an incr ase in the gross revenue of £51,784, equal to 7.35 per cent, with an increase in the working expenses exclusive of renewals and improvements, of only £2,181 on the increased tariff carried. Indeed but for the fact that there has been charged in the half-year $5,490 for insurance on the company's property, the working expenses would have been less than in the same period of 1867, notwithstanding the increase of traffic of nearly £52,000 This amount for insurance represents the half-year's premium on a policy which came into force last July for £4.300 000, not only for the company's buildings, bu also for the wooden bridges on the railway, the stocks of cordwood and lumber at the different stations, and also freights in the warehouses and in transit. The late serious losses by fires at Toronto and Sarnia led to this insurance being effected, and although the full value of the company's property in buildings, &c., is, of course, not embraced in this policy, still it is believed to be sufficient to meet all ordinary risks. The renewals in the half-year amounted to £126,772, against £85 819 for the corresponding period of 1867 In this sum is included a charge of £22 747 for improvements in the renewal of the permanent way and works, an item which in 1867 amounted to £17,351 and which was then charged to capital The weight of the rails has been increased from 62 lb to 75 lb per yard The number of miles of railway relaid with new iron in the half-year was 83½, and the number of new ties put in was 491 993. The large outlay that has been made for renewals has, of course, resulted in a very much improved condition of the line, as is shown by the reduction in the cost of the maintenance of the road, amounting in the half-year to £6 880 The directors regret that the rails sent out from this country in 1867, purchased from the best makers are not, according to the reports of the company's engineers, giving satisfaction The directors took every precaution to secure the best rails which could be made, and exacted guarantees from the makers which they are putting in force It is satisfactory to find that the small quantity of steel rails sent out in 1865, although placed on a part of the line where the traffic is very heavy, show no signs of giving way, and that it has not been found necessary to replace any of them. The average receipt per passenger was 8s 3½d, against 6s 9¾d in 1867, and the average receipt per ton of freight was 16s 8¼d, against 15s 10¼d in the corresponding period of last year. The loss on American currency still remains a serious item in the half-yearly accounts. It amounts for the last six months to £43,331, against £39,384 in the corresponding half of 1 67 Gold fluctuated during the half-year from 149½ on the 5th of August to 132½ on the 6th of November. Since then its premium value has still further declined, and it may be hoped that the loss from this cause during the current half-year will be further lessened The indirect loss from increased prices of labour and materials on the most careful estimate which can be made, was in the half-year not less than £60,000, and the directors believe that they are justified in saying that but for the loss, direct and indirect, through the depreciated currency and high prices resulting from the war in the States, the company would have been in a position to pay cash dividends on the first and second preference bonds and stocks at least, and probably on the third preference stock also since 1863. The following table shows the gross and net earnings from 1861 to December of last year in mixed currency and gold, and also the expenditure in renewals and the direct loss sustained by the company by the depreciation of the American currency:—

Date.	Miles open.	Gross Earnings.	Ordinary working expenses.	Renewals.	Revenue balance.	Yearly total.	Loss on American currency.	Half-yearly sterling profit after deducting loss on Amr cur	Yearly total profit sterling
	No.	£	£	£	£	£	£	£	£
1861, June	1,000	247,110	200,324	...	46,785		....		
" December.	"	419,463	323,761	...	95,707	142,492	...	.	142 492
1862, June..	"	382,932	319,656	...	63,436		787	62 649	
" December.....	"	433,281	262,348	70,258	106,797	170,233	13 672	93,125	155 674
1863, June	1,174	456,222	289,970	32 962	133,259		6 659	126 700	
" December.. ..	"	510,581	201,796	87 637	181,747	315,030	20,033*	161,714	288 414
1864, June .	"	528,301	316,631	31,450	181 701			181 701	
" December. ...	1,335	618,238	329,072	181,640	167,688	349,487	78 418	89,283	271 074
1865, June	1,377	614,873	422,739	161,635	139,602		35,940	103 753	
" December. .	"	714,780	444,619	148,639	170,472	310 074	58,848	117,624	221 377
1866, June....	"	637,425	403,420	29,285	207,720		14,264	193,463	
" December...	"	719,371	413 618	72,432	233 371	441 091	61 828	171 643	364,090
1867, June	"	609,121	†440,077	64,973	114 081		21 654	92,627	
" December	"	704,379	†453 470	85,819	165,089	270,170	39 394	125,744	218,231
1868, June. .	"	676,797	†433,587	167,403	180,190		18 882	161,308	
" December. . .	"	756,163	449,487	126,772	179,904	350,604	43,318	133,630	297,394
				£828,162			£413,621		

In their last report the directors called attention to the fact that certain bonds, issued by the city of Portland in aid of the construction of the Atlantic and St. Lawrence Railroad, amounting in the aggregate to $1 500,000, and covered by a first mortgage on the undertaking, would begin to fall due in December last, and that the whole amount would mature between that period and January 1871, and that the sinking funds created for the redemption of these bonds would not provide for the payment of more than half the amount. The Grand Trunk Company, under the terms of the lease of the Atlantic and St. Lawrence Line, is bound to provide for the payment of these bonds at maturity, either by means of the sinking funds or otherwise. The board having no available funds with which to meet the half of the bonds not covered by the sinking funds, had to approach the authorities of the city of Portland with a view of obtaining an extension of time, and the directors are happy to be able to state that an agreement has been concluded with the city of Portland, under which the city undertakes to issue new bonds for the balance of the original issue, which will not be taken up by the moneys accumulated and to accumulate in the sinking funds before 1871. The directors have, in previous reports, referred to the position of the second mortgage bonds of the Atlantic and St. Lawrence Company, which matured in April, 1866. New sterling bonds were created, some of which were sold and the proceeds applied to taking up the old bonds, others were accepted by holders of the original bonds, and the proceeds applied to taking up the old bonds, and the time of payment of a further portion was extended, with the consent of the holders, by the issue and acceptance of additional sheets of coupons, embracing a period of five years, dating from April, 1866. There still remains, however, a balance of over $200,000, the holders of which have refused either to extend the time of payment or exchange their bonds for new ones. After the transaction of the ordinary business at the ensuing half-yearly meeting, it will be made special for the purpose of considering a proposed new agreement with the Buffalo and Lake Huron Company The object of that agreement is two fold—first, to settle past differences, and, secondly to effect more satisfactory arrangements for the future and in perpetuity instead of for the original term of 20 years. The heads of the new agreement will be laid before meeting, and, as regards the past will explain themselves As regards the future, the main feature of the new arrangement may shortly be stated to be the substitution of a fixed half-yearly sum, instead of (as at present) a fluctuating amount; in the form of a proportionate part of the net receipts of the two undertakings:—the management of both being, hereafter, left with the Grand Trunk, without any right of interference on the part of the Buffalo Company. The directors, whilst not desiring to represent this proposed new arrangement as essential, have come after much deliberation, to the conclusion that it is desirable on the whole for the Grand Trunk Company. The accounts for the half-year are made up, as regards the Buffalo and Lake Huron Company, on the footing of the new agreement with them, and of course upon the assumption that that agreement will be carried into effect Certificates for the arrears of interest to be capitalized on the preference bonds and stocks, will be issued shortly after the meeting. The directors have pleasure in stating that contracts for the construction of portions of the Intercolonial Railway have been entered into by the Canadian Government, and the works will be commenced as soon as the snow leaves the ground They embrace the following sections, viz:—

1 & 2 40 miles from River du Loup, eastward.
3 24 miles from Restigouche, to near Eel River.
4. 27 miles from Amherst Ridge to River Philip.

Tenders have also been invited for three more sections of the line, and the contracts are to be given out on the 29th of the present month. They are as follows:—

1. 26 miles eastward from Nos. 1 and 2 section, already let.
2. 21 " " No 3. " "
3. 24 " " No. 4. " "

It will be seen from this that 162 miles will be let by the end of this month, and tenders for the whole of the remaining sections will it is expected, be immediately advertised for, as the intention is to have the entire length of the railway opened for traffic not later than 1872. The work will therefore be pushed forward with the utmost vigour. It is unnecessary to point out the important advantages the construction of this line will confer upon the Grand Trunk Railway when completed, but even during its construction a considerable addition to the traffic, particularly on the Riviere du Loup section. must result from the constant movement of men and materials over the Grand Trunk to the works in progress. Nor is this all; in connection with the Intercolonial Railway a scheme has been propounded to secure a large immigration of the artizan and labouring classes, not only for the present employment but for their permanent settlement in the Dominion, and there is every reason to believe that this scheme, coupled with the general attractions that Canada now offers to intending emigrants, by way of land grants, &c., will lead to a larger flow of emigration to that country Sir E. Watkin, Mr Blake, and Mr Young having offered their resignations as directors, Messrs Gillespie, Grosvenor Hodgkinson, and Menzies have been elected in their stead, on the nomination of the committee appointed by the shareholders at the last half-yearly meeting Whilst cordially receiving as colleagues the last three named gentlemen, the remaining members of the original board cannot but express their own regret at the loss of their former three colleagues to whom, especially to Sir E. Watkin, the undertaking is largely indebted for long and valuable services. The directors who retire by rotation are Messrs. Ferrier, Menzies, Potter, and Swift, and the retiring auditor is Mr. Morland (Canada). These gentlemen are eligible, and offers themselves for re-election. Mr. Baillie, the other auditor in Canada, also retires, and the vacancy will have to be filled up at the approaching meeting.

On behalf of the board,

RICHARD POTTER,
President.

DIRECTORS —Thomas Baring, Esq., M.P., Bishopsgate Street, E C.; Charles John Brydges, Esq., Montreal; Hon James Ferrier, Montreal; Robt. Gillespie, Esq , Gravenhurst, Bolney, Sussex, Geo. Carr Glyn, Esq., Lombard Street, E C., Kirkman Danl. Hodgson, Esq., Bishopsgate St., E.C.; Grosvenor Hodgkinson, Esq , M P., Newark; Grahame Menzies, Esq , 58, Westbourne Terrace, W.; Wm. Molson, Esq , Montreal, Richard Potter, Esq., Standish House, Gloucester; John Swift, Esq , Portland Place, London; Capt. Tyler High Elms, Hampton Court.

AUDITORS.—Thomas Morland, Esq , Montreal; James Baillie, Esq , Montreal, William Newmarch, Esq , F.R.S., London.

* In this half-year (June, 1864), there was no loss by discount on American currency, as the "greenbacks" were employed in the purchase of Portland bonds maturing in 1866, and sold in England.

† Add to these sums the further amount of £79,657 carried to the first instance to suspense account, and subsequently paid out of revenue making the total amount charged against revenue for renewals between 1862 and 1868, £907,819.

‖ Including £31,863 carried to suspense account on the previous account.

¶ Including the losses by the Toronto and Sarnia fires.

THE WHEAT CROP PROSPECTS. - We are pleased to learn from different sections of the country, that the wheat looks healthy, although the top is not as heavy as it was last season. The roots have not been "heaved out" by the frost and as the season is now far advanced, it is not likely that the frost will be severe enough to injure it. We may also add that our country exchanges speak very favorably of the prospects of a fine wheat crop throughout the whole Province.—*Hamilton Spectator.*