CANADIAN LOCOMOTIVE CO., LIMITED—*Continued.*

PROFIT AND LOSS ACCOUNT FOR YEAR ENDING 30th JUNE, 1917

Profit from operations for year ending 30th June, 1917, after charging Profits War Tax, and all special charges and allowances, etc., other than Bond Interest and Depreciation		$721,254.90
Deduct: Interest on First Mortgage Bonds	$90,000.00	
Sinking Fund Provision	15,000.00	105,000.00
		$616,254.90
Add: Balance at credit 30th June, 1916, brought forward		304,322.42
		$920,577.32
Appropriated as follows:—		
Dividends on Preference Shares for year:		
No. 19	$26,250.00	
No. 20	26,250.00	
No. 21	26,250.00	
No. 22	26,250.00	105,000.00
		$815,577.32
Transferred to Reserve for Special Replacements	$ 25,000.00	
Transferred to Reserve for General Depreciation	100,000.00	125,000.00
Balance at credit at 30th June, 1917, carried forward		**$690,577.32**

TO THE SHAREHOLDERS

Your Directors submit herewith statement of the Assets and Liabilities and Profit and Loss Account as at the 30th June, 1917.

Manufacturing Profits from Operations for the year ending 30th June, 1917, after charging Profits War Tax		$721,254.90
Deduct: Interest on First Mortgage Bonds	$90,000.00	90,000.00
		$631,254.90
Add: Balance at credit at 30th June, 1916, brought forward		304,322.42
		$935,577.32
Appropriated as follows:—		
Dividends on Preference Shares for year:—		
No. 19	$26,250.00	
No. 20	26,250.00	
No. 21	26,250.00	
No. 22	26,250.00	105,000.00
		$830,577.32
Transferred to Reserve for Special Replacements	$ 25,000.00	
Transferred to Reserve for General Depreciation	100,000.00	
Sinking Fund Provision	15,000.00	140,000.00
		$690,577.32

The increase in our profits for the year under review is due entirely to the extra production of our plant, both in locomotives and munitions.

The increase in the property account of $59,742.63 is the normal increase necessary to keep pace with the growing business.

We have taken the sum of $125,000 from our profits and added $100,000 to Depreciation Reserve Account, and the sum of $25,000 for Special Replacement.

The result of this year's operations is most gratifying, the net profits on our business being 25 6-10% in excess of those of any previous year since the organization of the Company.

Following the precedent of reviewing the profits year by year, commenced in our last year's report, we again repeat it:—

For the year ending 30th June, 1912	$326,380.43
" " " " " 1913	396,886.02
" " " " " 1914	342,057.25
" " " " " 1915	134,613.89
" " " " " 1916	574,211.78
" " " " " 1917	721,254.90
which, you will observe, makes an aggregate sum of	**$2,495,404.27**

or an average net earning of $415,900.71 per annum.

This year the labor problem has not been a serious one with us, as we have been able to secure all the labor required, and our employees have backed up the efforts of our management in a most loyal and satisfactory manner, the result of which is shown in the large increase in our output and profits, with comparatively little addition to the plant account.

The prospects for the coming year are most encouraging. We have contracts for locomotives and locomotive parts amounting to $3,925,400, and contracts for munitions amounting to $199,600, thus showing a total amount of work ahead of $4,125,000, all placed at satisfactory prices.

The class of work we have been turning out has been most satisfactory, and we feel assured, from the present outlook of the locomotive situation in Canada, that our plant will be kept fully occupied for some years to come.

Yours faithfully, ÆMILIUS JARVIS, President.