

\$3787.33 as against \$10952.45 the preceding year. This is accounted for by the free trading privileges enjoyed by the Company during the past year, in comparison with the restricted privileges under which they operated during the greater part of the previous year while suspended from the privileges of the Grain Exchange. Money saved in this way helps to increase the profits of the Company, and consequently the dividends to Shareholders.

BANK INSURANCE, POSTAGE, ETC.—The next item of \$1698.73 represents the cost of sending larger sums of money to farmers lacking Building facilities, in payment for their grain, instead of cheques, which would have incurred exchange costs to the farmer, as well as in many cases delay, inconvenience and frequently expense in going long distances to a Bank to get cheques cashed. This feature of the Company's operations has been found to be very satisfactory to patrons of the Company, and the extra expense incurred thereby would seem to be justifiable.

ADVERTISING.—The cost of advertising though seemingly considerable was reasonable for so great a volume of business. The returns from the outlay seem to have been good. The Company hopes through "The Grain Growers' Guide" to add a very effective agency in the advertising department.

OFFICE STATIONERY, ETC.—Office stationery must continue to call for considerable outlay, as, if the best and most economical services are to be obtained from office help, the best available office books, forms, schedules, etc., must be called into use. Judicious outlay here means saving in time, and in physical strain on those employed in the office.

DIRECTORS' FEES AND EXPENSES.—The Directors of the Company are the free choice of the Shareholders represented at the Annual meeting, either in person or by proxy, and are thus representative farmers of Saskatchewan and Manitoba, who take a deep interest in, and keep in close touch with, the affairs of the Company, and who meet quarterly to consider and advise as to the policy and methods in hand, or in prospect.

AUDITORS' FEES.—Auditors' fees includes the exhaustive audit of the books, accounts, invoices, vouchers, financial transactions, etc., of the Company for the year ended June 30th, 1907, also the several quarterly inspections of the business, the preparation of the reports for publication and for Directors' meetings during the past year, and the expert assistance given by the Chartered Accountant in devising methods, business books, forms, etc., adapted to the magnitude and variety of the business of the Company.

GENERAL EXPENSES.—The term "General Expenses" includes Business Tax, Grain Exchange Dues and Transfer Fee, costs of Bonds of Officers of the Company, costs of Bonds as Commission Merchants and Track Buyers, Fire Insurance Premiums, Donation to Agricultural College Seed Fair, Translation of Correspondence in foreign languages, Printing President's Address and Auditors' Report for 1907, Printing notices for calling Annual Meeting, and Proxy Forms, Postage calling Annual Meeting and special Postage for return of Proxies, Subscriptions to Market Record and other Journals for office use, Lighting Fixtures, and other minor sundry items of expenditure.

RENT AND LIGHT.—Rent and light covers these items for the use of the several rooms necessary for conducting the various branches of the Company's business. During the busy season six rooms were fully occupied.

TELEPHONE AND TELEPHONING.—Telephone and Telephoning covers the outlay incurred in this service.

TELEGRAPHING.—Telegraphing includes the cable dispatches for keeping in touch with the British markets as well as the Canadian service.

POSTAGE.—Postage includes the outlay for postage, in the office and indicates that an average of 150 letters per day were dispatched from the offices of the Company in the transacting of its business. In the busy period on

some days as many as 400 letters were sent out from the office.

CLEANING OFFICE.—Cleaning office covers the pay of the Caretaker for services during the year.

EDUCATIONAL CAMPAIGN.—Educational covers a large field which does not properly come under either the carrying on of the handling of grain, called "Operation" expenses or the outlay incurred in building up the Company, securing additional Shareholders, etc., termed "Organization" expenses, but deals specially with the dissemination of information to farmers generally through the printed page and otherwise. This item includes the cost of several pamphlets and circulars dealing with prevailing conditions and advocating Government ownership of Elevators, amendments to the Grain Act, Inspection Act, etc., etc. The cost of halls, travelling and other expenses of Messrs. Kennedy, Crerar, Partridge and others while engaged in this special work, including conferences of the Grain Growers of the three Provinces to secure uniformity of aim and operation, and much other work of general information along this line. The outlay incurred under this head, while not immediately revenue producing, is of great advantage to the entire farming interests. The seed thus sown will surely produce an abundant harvest in vastly improved conditions, and is a faithful attempt to attain to one of the ideals which the founders of the Company had in view, viz., a systematic dissemination or diffusion of clear and definite information relative to farm life, and an attempt to place the farmer in his rightful position, the equal at least of those in other walks of life, in intelligence, in hope, and in comfort.

ORGANIZATION COSTS.—"Organization Expenses" in a Company corresponds with the money a farmer invests in his farm, in building and other improvements, or to the cost to a manufacturer of his plant and equipment. During the first year the Company spent in "Organization" the sum of \$7237.17, (which amount was properly spread over the first three years of the Company's operations for payment—one-third being paid on June 30th, 1907, one-third was paid on June 30th, 1908, and the remaining one-third will be paid on June 30th, 1909). During the past year a further sum of \$2766.48 has been expended in organization, all of which was paid on June 30th, 1908. Hence the total cost of the establishment of our Company up to June 30th was \$10,003.65, of which amount \$7591.26 has been paid from profits earned, and returned to Capital account, and the balance of \$2412.34 is to be paid and returned to Capital account at the end of the present business year.

DEPRECIATION ON FURNITURE, ETC.—Following the usual custom an allowance has been made for wear on office furniture, fixtures, etc.

BAD DEBTS.—Under this heading are placed certain debts due the Company of which at the close of the year there seemed to be some doubt as to payment. Later information, however, indicates that a considerable portion of this amount will be paid during the current year.

INTEREST AND EXCHANGE.—This small item covers sundry charges by Banks at a few points where special Banking facilities were secured.

The gross earnings of the Company for the year were \$62,571.88. The amount expended for all purposes, including one-third of first year's organization outlay, was \$32,381.64, leaving the sum of \$30,190.24 as the net profit of the year's business. This result is very satisfactory indeed, and should do much to establish the fact in the minds of all, that the Grain Growers' Grain Company is a real success. That success is the result of a happy combination of circumstances, among which may be noted the thoughtful care, energy and enthusiasm of the Manager and Secretary, the broad, manly, aggressive, yet well devised policy of your President and Vice-President, in which they received the hearty support of your Directors, the loyalty of the office staff to the Company's interest,