

REPORT OF THE DIRECTORS.

TORONTO, 8th August, 1866.

To the Proprietors of the Northern Railway of Canada :

The Directors have the honor to present their Report of the transactions of the half year ending 30th June, 1866, accompanied by the usual accounts.

1. The gross Traffic receipts from all sources have amounted to \$252,999 33 (£51,986 3s. 2d. stg.), as against \$247,451 25 (£50,846 2s. 11d. stg.) for the corresponding period of 1865, and shewing an increase in favour of 1866 of 2·24 per cent., a result highly favourable, and scarcely anticipated in view of the recent abrogation of the Reciprocity Treaty, and of the gradual exhaustion of the timber resources of the Line.

2. The ordinary working expenses of the half-year have amounted to \$150,218 70 (£30,866 17s. 2d. stg.), or at the rate of 59·38 per cent. of the earnings, as against \$143,143 91 (£29,413 2s. 7d. stg.), or 57·81 per cent. for the corresponding period of 1865, shewing an increase of 1·56 per cent. against 1866. This increase has been due chiefly to the greater liberality of repairs of permanent way and buildings, but it is also in some degree attributable to recent advances in the wages of labour, and in the prices of most of the materials of Railway consumption.

The additional outlay from Revenue for services not embraced in ordinary working expenses has amounted to \$13,018 62 (£2,675 1s. 1d. stg.)—see Appendix K.—making a total Revenue Expenditure for the half-year of \$163,237 32 (£33,541 18s. 3d. stg.), as against \$177,777 62 (£36,529 12s. 11d. stg.) for the corresponding period of 1865.

3. The net Revenue applicable to Dividend has amounted to \$89,762 01 (£18,444 5s. 0d. stg.), as against £82,641 71 (£16,981 3s. 6d. stg.) for the corresponding period of 1865, shewing an increase of 8·62 per cent. in favor of 1866.

4. These results have enabled the Directors, in addition to the payment of the current Interest Dividends of Three per cent. upon the First and Second Preference Bonds, to pay a further Dividend of 1½ per cent. on account of arrears, thus reduced to one Dividend of three per cent., the equivalent of which is very nearly represented by the Reserve in hand.