

CANADIAN PACIFIC RAILWAY COMPANY.

ANALYSIS OF ITS FINANCIAL POSITION.

No enterprise in Canada has so many persons directly interested in its business as the Canadian Pacific Railway. If to these persons be added those who are indirectly concerned in the fortunes of this great trans-continental line we have the whole population of Canada.

In a recent issue of the "Wall Street Journal" there was an article in which the figures of the C. P. R. statement were used as a "Study in Values," and to exhibit the "Basis of the remarkable confidence in the company's future." The optimistic anticipation of the shares advancing to 175, or even 200, within two years is regarded as having no justification unless the company turns some of its intangible assets into earning properties. To sustain the above judgment an analysis of the last of the company's last report is presented which we republish with a few minor changes that are needed to enable the figures to explain themselves:

	1904.	Per mile.
Miles operated.....	8,332	
Engines owned.....	934	
Passenger and freight cars.....	30,567	
Hotels, etc., value.....	\$2,724,417	\$328
Steamships, net.....	11,909,120	1,435
Bonded debt.....	141,093,304	16,999
Investments.....	\$46,375,306	5,527
Loans on land.....	15,252,308	1,837
	62,127,614	
Net debt.....	\$78,965,690	9,935
Stock preferred.....	\$33,473,333	4,033
" common.....	84,500,000	10,180
Total stock.....	117,973,333	14,213
Total capital, net.....	196,939,023	24,148
Fixed charges.....	7,585,096	914
Less divide.....	1,310,552	158
Net charges.....	\$6,275,544	\$ 756
Gross receipts.....	46,469,132	5,559
Operating expenses and taxes.....	32,256,027	3,888
Net receipts.....	\$14,213,105	\$1,711
Receipts from investments.....	1,310,552	
" miscellaneous.....	380,716	205
Total income.....	\$15,904,373	\$1,916
All charges.....	7,596,098	914
Surplus.....	\$8,318,277	\$1,002
Up to this point the statement in our New York contemporary tallies with the official report of the company, but the following additional items are required to make the statement in the "Wall Street Journal" exactly tally with the official one:		
Surplus.....	\$8,318,276	
Deduct amount applied against cost of steamships and for contribution to pension fund.....	230,000	
	\$8,088,276	
From this there has been charged a $\frac{1}{2}$ yearly divid. on preference stock 2 per cent. payable 1st April, 1904.....	653,406	
and a $\frac{1}{2}$ yearly divid. on ordinary stock of 3 per cent. paid 1st April, 1904....	2,535,000	
	3,188,406	
	\$4,899,870	
From this there has been declared a 2nd $\frac{1}{2}$ yearly divid. on preference stock of 2 per cent. payable 1st Oct., 1904....	698,666	
And a 2nd $\frac{1}{2}$ yearly divid. on ordinary stock of 3 p.c. payable 1st Oct., 1904	2,535,000	
	3,233,666	
	\$1,666,204	

After the second half-yearly dividend was paid on 1st October, 1904, there was a surplus left to carry forward of \$1,666,204.

The New York journal considers that maintenance expenses have absorbed more revenue than was necessary. The

Maintenance of way per mile was\$888
Maintenance of equipment per mile was..... 707

The first item is thought none too heavy, but, "the maintenance of equipment" is said to "conceal an equity of nearly 2 per cent. on the stock." The road should easily maintain its engines at \$2,000, its passenger cars at \$500 and freight cars \$60. On such a basis equipment charges should be about as follows:

934 engines at.....\$2,000 \$1,868,000
1,003 passenger cars at..... 500 501,500
29,564 freight cars at..... 60 1,773,840

Total.....\$4,143,340

In the judgment of the critic, even allowing \$4,500,000 for this item, there is an excess charge of \$1,300,000, or 1.8 per cent. on the stock. The heavy charge was probably due almost entirely to the heavy winter.

The surplus, visible and concealed, in 1904, appears about as follows:

From operation..... 8.2 per cent.
Equity in Soo..... 2 "
In maintenance..... 1.8 "

Total.....10.2 per cent.

The figures as presented by the company's statement are said "to carry the study of Canadian Pacific as far as it can be carried on the usual lines of such research," as the company operates in addition to the railroad, its own telegraph, express, sleeping and dining cars, a line of hotels across the continent and steamship lines across both oceans and on the great lakes. On the Atlantic 14 ships, the Pacific 5, the Coast service 13 and great lakes 3, and in British Columbia lakes 17 ships.

The company also owns 11,338,350 acres in the northwest, 3,744,324 in British Columbia, and will receive 2,500,000 more acres in latter province.

The lands yield no revenue but as they are sold the proceeds are deposited with the Government to pay off the land grant $3\frac{1}{2}$ per cent. bonds, of which \$11,750,000 remained when statement to 30th June, 1904, was issued. "When these are all retired," says the "Wall St. Journal," the stockholders may have a chance to get something out of the lands. The equity in these lands may be and probably is tremendous. If the present boom in the Northwest continues over next 5 years even in moderate strength, the land equity will become tangible. At the most conservative valuation the lands are worth 45 per cent. on the present capital stock, even if all go as agricultural lands. They include 5,000,000 acres of picked areas in British Columbia, which is rich in timber, coal and gold. The great coal fields which supply a large part of the fuel for the western division were one of the "finds" on