returned we have decreased our liabilities to the public by $235,399 and that the interest actually collected represents a return of nearly 8 per cent. on the amount of mortgages outstanding. The fact that these payments in 1916 have been greater than in 1915 shows that the Company is coming back to normal conditions as rapidly as is possible under existing circumstances. The chairman has so completely shown you the wisdom of conserving the company's cash assets that it is needless for me to say anything more in that connection. In looking over the report I have noticed that of our assets, mortgage loans bonds and cash alone, amount to $2,659,-172.48, and practically equal to our total liabilities to the public and the par value of our capital stock.

The General Manager, Mr. T. D. Macdonald, gave a complete analysis of the statement, emphasizing the following facts:

That almost 80 per cent. of the gross earning power of the company's mortgages had been collected.

That the policy of the company towards borrowers was one of compromise, an honest effort to pay receiving every encouragement.

That 10 per cent. of the gross amount at loan had been collected during the year.

That the greatest possible economy consistent with efficiency was exercised.

That the unappropriated balance and interest accrued, but not yet collected, together amount to $190,775.98 or over 20 per cent. of the paid-up capital.

That the company had 2254 mortgages on its books, the aggregate amount of which was $2,506,751.05, an average of $1,100 per mortgage, being 30 per cent. less than the original amounts.

That property acquired by foreclosure represented only 2.38 per cent of the total assets, or 3.40 per cent. of the funds invested in mortgages; also that accrued interest receivable amounted to only 3.78 per cent. per annum on the amount loaned. Collections during 1916 were much better than in 1915.

That liquid assets had been improved by the purchase of $100,000 in war bonds. Liabilities to the public were decreased by $235,399.74.

That the reserve remains unchanged from last year, but the total surplus has been increased by $72,000, and now amounts to $863,160.93.

The motion to adopt the report was then carried unanimously.

The election of directors resulted as follows: Messrs. D. H. Wilson, W. H. Malkin, C. Spencer, Geo. Martin, R. J. Robertson, R. Gelletly and A. H. Douglas.

Messrs. Buttar & Chiene, C. A., Edin.) and Messrs. Price, Waterhouse & Co., C.A., (London, Eng.), were re-elected auditors for the ensuing year.

The shareholders decided to contribute $1,000 to the Canadian Patriotic Fund during the present year, and also discussed in detail and adopted a new set of by-laws for the Company.

At a subsequent meeting held by the Board, Dr. D. H. Wilson was elected President, and Mr. W. H. Malkin, Vice-President.

The following appointments were made: T. D. Macdonald, General Manager; James Low, Secretary-Treasurer; Albert Whittaker, Inspector; Messrs. Harris, Bull & Mason, Solicitors, Bank of British North America, Bankers.

Full particulars regarding the Company and its operations may be had on application to the Head Office, 330 Pender Street West, Vancouver, B. C.

Canadian Northern Railway's Splendid Earnings

New Transcontinental Make Gain of 45 Per Cent in Freight Revenue—Carried 131,000,000 Bushels of Grain During Year.

While many Canadian companies have, during the past year, made considerable progress as compared with previous periods, it is doubtful whether any statement issued will meet with such general favor as that of the Canadian Northern Railway System. This report, showing as it does a complete reversal in the character of the returns as compared with the previous year, is of interest not only to shareholders but to the Canadian public generally, owing to the attention that has been attracted by the railway situation in Canada.

Every part of the report gives emphatic evidence of the strides that have been made during the twelve months' period and many of them are of such a phenomenal character that it is almost impossible to conceive that such a complete change was possible in the short period of a year.

The feature of the report that is likely to be especially gratifying is that which shows the prominent part the Canadian Northern with its transcontinental system has been able to play in handling such a large proportion of the grain requirements of the Mother Country.

Right along it has been the contention of Sir William Mackenzie and his associates that it was only a matter of a very short period before Canada and the Empire would enjoy the benefits of the big system that had been built up across the Dominion and the showing made in the report indicates that these hopes have been realized much earlier than it would have been thought possible when the transcontinental system was set in operation a little over a year ago.

A few of the outstanding features of the report are as follows: An increase in freight traffic during the year of $8,352.412, equivalent to as much as 45.87 per cent.; increase in passenger traffic, $717,246, or a gain of 13.25 per cent:; an increase in total operating revenue of $9,564,168, or 36.91 per cent. over the previous year. That the Company's lines handled over 131,000,000 bushels of grain is proof positive that the railway has been located in the best grain growing areas of the west.

That the Company has been able to make such striking gains in the amount of traffic handled over its lines will undoubtedly be more readily appreciated when it is remembered that it was only operated as a transcontinental system during the last seven of the twelve months of the fiscal year and when it is recalled that last winter the weather conditions in the western provinces, and more particularly in British Columbia, were the most severe that had been experienced in a great many years, in fact, in some instances were the most difficult that Canadian railways had ever to meet in that part of the country. It should also be pointed out that the Company had the disadvantage, owing to the conditions arising from the war, of being without its own terminals in such important centres as Vancouver in the west and Montreal in the east.

The development that is sure to be most favorably received by everybody who is following the growth of the larger Canadian railways will come from the fact that the Canadian Northern Railway has come within hailing distance of earning its total fixed charges, the deficit for the year being brought down to less than a quarter of a million dollars, a reduction from the previous year of almost $1,400.000. As was to be expected, a great proportion of the increased revenues come from the large crop gathered in the Canadian West in the fall of 1915, but since that time there has been a marked increase in the general freight traffic handled over the lines and during the first four months of the current fiscal year gross earnings have continued to show large increases over the corresponding periods of the year now under review. Perhaps the most striking development in this connection is that it is in the month of October that the heaviest grain movement occurs, and yet in October, 1916, the gross earnings showed a gain over those of the same month in the previous year. As the grain crop was very much lighter, this evidently indicates that the growth in the traffic in other commodities has more than offset the lighter grain movement of the year now being reported on.

During the year the Company had under operation an average of 8,048 miles, as compared with an average of 7,269 miles, an increase of 779 miles, or 10.727 per cent. over the previous year.

As was to be expected, a large part of the Company's increase in freight revenue originated from the grain traffic. The Company, during the year, carried a total of 131,978,809 bushels of grain as compared with 58,575,520 bushels in 1915, an increase of 73,403,-289 bushels, or 125.31 per cent.

The report gives complete information regarding the returns obtained on the Pacific Coast division which was operated for the first time during the course of the year. The report says:

"The Company's new mileages on the Pacific Coast Division have not yet come into their full earning power, as operation on these divisions was only commenced in the late autumn of last year. The British Columbia section from the commencement produced each month substantial increases in revenue, and before the close of the fiscal year yielded most encouraging revenues. Much of the business offering is from the Pacific Coast to points inland, but a commencement has been made in the marketing of the excellent timber tributary to the line and in the cultivation of the rich lands in the valleys through which the railway traverses the mountain country. The excellent showing made by the mileage in British Columbia, after only seven months of operation, may be well considered an outstanding feature in the year's operations.

Some of the features of the report that will be especially interesting to railway interests who follow the developments of business and the manner in which it is handled are the following:

Operating expenses were $26,102,744, compared with $19,288,814 for 1915, an increase of $6,813,930, or 35.23 per cent. A portion of this increase is due to the operation of a greater mileage and to the expenses incidental to taking over new lines which were operated for only a portion of the year. But, with the heavier traffic, the system was naturally compelled to expend a relatively larger amount in operation, spending for this purpose $3,243.38 per mile as compared with $2,653.57 per mile the previous year.

To the preponderance of grain traffic—this commodity being carried at a low rate—is due the decrease in the revenue per ton mile from 00.821 cents to 00.679 cents or 18.29 per cent.

It is interestng to note, however, that the average distance a ton of freight was hauled increased from 204.08 miles to 288.46 miles, or 41.35 per cent, with, of course, a marked advantage in operating results. The passenger train earnings per train mile increased from 87.409 cents to 93.379 cents, or 6.83 per cent.