whole undertaking is $1,225,000, which is being financed from funds in the hands of the Company. It is our largest single undertaking to date, and would not have been possible but for the policy which has been followed of creating reserves for future development.

"HYBRID" TICKET.

Early in the year a protest was lodged with the Board of Grain Commissioners for Canada against the use of the subject-to-grade-and-dockage, or "hybrid" ticket. This is too lengthy a matter to be dealt with in a few sentences, but our attitude has been fully explained in the Co-operative News. We believe that the discussion of this question has revealed a root evil of the grain trade. The claim was made by the North West Grain Dealers' Association, representing the line elevator companies, that farmers' grain stored in country elevators under this ticket becomes the property of the company storing it, to be dealt with as it sees fit. To this view we are very strongly opposed, and do not believe it is in accord with the provisions of The Canada Grain Act. A ruling by the Department of Justice is being awaited with interest.

FEDERATION.

The Minutes of the Fifth Annual Meeting record that the Directors were asked to give careful consideration to the question of the federation of the farmers' business organizations of Western Canada, but to take no definite action without consulting with this Annual Meeting. Reports appeared in the Press during October stating that a plan for amalgamation had been consummated, but so far as your Company is concerned, no such action has been taken.

THE PRESENT CROP YEAR.

The crop of the present year is a more difficult one to handle than the crop of last year because of its greater variety of grades. The farmer is receiving good prices, but threshing has been delayed by bad weather and a lack of help. It is too early to anticipate what volume of business the company will handle, but rusted, hailed and dried out areas are more and more offset by the loyal support we receive, and the good yields in other localities.

It has been found necessary to provide additional space at the Head Office, and rather than add another storey to the building, which would necessitate dividing the staff, the north wall of the present building has been removed, and the building extended 25 feet, thus providing the required space upon one floor.

This Report would be incomplete if we made no reference to the change in management which has recently occurred, although it did not take place until some time after the close of the 1915-1916 business year. The value of Hon. C. A. Dunning's services as General Manager is too well known to need enlarging upon, and it was with very sincere regret that his resignation was accepted by your Board to take effect on October 31st. His enthusiasm and his efficient work during the past five years have been highly appreciated. Mr. F. W. Riddell, who has rendered the Company splendid service as Assistant General Manager, becomes General Manager, and Mr. James Robinson has been appointed to take Mr. Dunning's place on the Executive, with the title of Executive Director.

A word regarding the future. The Company is firmly established in the grain business. It has the loyal support of its shareholders, and it would appear that there is no limit to the possibilities of farmers' co-operation in the marketing of their grain. The establishment of the Commission Department in Winnipeg four years ago, and the building of the terminal elevator at the present time, are examples of the logical expansion which should always be kept in view. But continued progress depends mainly on the fulfilment of one primary condition, namely, the loyalty of the individual farmer to his own institution.

(Signed)

J. A. MAHARG, GEO. LANGLEY, JAMES ROBINSON, *Executive Committee.*

Directors. CHAS. A. DUNNING, W. C. MILLS, J. B. MUSSELMAN, A. G. HAWKES, J. E. PAYNTER, THOS. SALES.

BALANCE SHEET AS AT JULY 31, 1916.

ASSETS.

FIXED ASSETS.		
Elevators		$1,861,072.66
Cost of Construction to Date	$2,024,272.66	
Less Depreciation	163,200.00	
		64,932.96
Terminal Elevator Site and Construction		119,615.37
Freehold Lands and Office Building		
Cost to date	$ 123,615.37	
Less Depreciation Office Building	4,000.00	
Office Furniture and Fixtures	$ 24,246.62	
Less Depreciation	15,045.85	
		9,200.77
Investments		11,200.00
CURRENT ASSETS.		
Stocks as per Schedule		1,732,141.79
Grain	$1,724,020.69	
Stationery	8,121.10	
Cash at Banks, Locals' Paymasters and Office		66,926.72
Bills Receivable		1,584.79
Accounts Receivable		7,862.54
Advances on Bills of Lading		530,476.70
DEFERRED CHARGES.		
Unexpired Insurance and Telegraphic Service, etc.		14,205.59
		$4,419,219.91

LIABILITIES.

LIABILITIES TO THE GOVERNMENT OF SASKATCHEWAN.			
Government of Saskatchewan			$1,639,267.77
Loans		$1,568,604.71	
Interest Accrued		70,663.06	
LIABILITIES TO THE DOMINION GOVERNMENT.			
Business Profits War Tax, Provision for			199,479.39
LIABILITIES TO THE PUBLIC.			
Accounts Payable			74,116.81
Outstanding Cash Grain Tickets and Settlements.			982,268.75
Taxes Accrued			14,758.33
LIABILITIES TO THE SHAREHOLDERS.			
Share Capital Authorized	$2,500,000.00		
Share Capital Subscribed	$2,358,900.00		
47,178 shares at $50.00 each.			627,342.00
Share Capital Paid up			
At 1st April, 1916		$ 584,329.50	
8,139 shares at $18.50	$ 150,571.50		
15,619 shares at 15.50	242,094.50		
9,918 shares at 12.50	123,975.00		
4,718 shares at 9.50	44,821.00		
3,049 shares at 7.50	22,867.50		
41,443			
Additional shares at July 31, 1916:			
5,753 shares at $7.50		43,012.50	
47,178			
Unclaimed Dividends			1,217.52
Reserves			322,973.63
Elevator Reserve	$317,214.68		
Reserve Account	5,758.95		
Profit for year ended July 31st, 1916 (after providing for Business Profits for War Tax) brought down			557,795.71
			$4,419,219.91

I have examined the Books and Accounts of the Saskatchewan Co-operative Elevator Company, Limited, for the financial period ended July 31st, 1916, and hereby certify that in my opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the Company's affairs. The Grain Stocks shown on the Balance Sheet have been certified as correct by the General Superintendent of the Operating Department and countersigned by the General Manager. All my requirements as Auditor have been complied with.

G. L. HOPKINS, Provincial Auditor.