

## Canadian Pacific Railway Company's Annual Report.

The C.P.R.'s annual report has been issued over President E. W. Beatty's signature as follows:—

The accounts for the year ended Dec. 31, 1918, show the following results:—

Gross earnings.....	\$157,537,698.05	
Working expenses.....	123,035,310.38	
Net earnings.....	\$ 34,502,387.67	
Deduct fixed charges.....	10,177,512.98	
Surplus .....	\$ 24,324,874.69	
Contribution to pension fund.....	500,000.00	
	\$ 23,824,874.69	
Deduct net earnings of commercial telegraph, Jan. and Feb., transferred to special income acct.....	193,976.64	
	\$ 23,630,898.05	
From this there has been charged a half-yearly dividend on preference stock of 2%, paid Oct. 1, 1918 .....	\$1,613,638.42	
And three quarterly dividends on ordinary stock of 1 3/4% each, paid June 29, Oct. 1 and Dec. 31, 1918 .....	13,650,000.00	15,263,638.42
		\$ 8,367,259.63
From this there has been declared a second half-yearly dividend on preference stock, payable April 1, 1919 .....	\$1,613,638.42	
And a fourth annual dividend on ordinary stock of 1 3/4% payable April 1, 1919 .....	4,550,000.00	6,163,638.42
Leaving net surplus for the year (which amount has been placed taxes imposed by Dominion in reserve to meet special Government.	\$ 2,203,621.21	
In addition to the above dividends on ordinary stock, 3% was paid from special income.		
<b>Special Income for the year ended Dec. 31, 1918.</b>		
Bal. at Dec. 31, 1917 .....	\$15,785,750.86	
Less: dividend paid Apr. 1, 1918.....	1,950,000.00	
	\$13,835,750.86	
Net revenue from investments and available resources.....	1,928,483.50	
Interest on deposits, and interest and dividends on other securities .....	2,779,854.22	
Net earnings ocean and coastal steamship lines.....	1,214,869.22	
Net earnings commercial telegraph and news department, rentals and miscellaneous .....	2,205,544.57	
	\$21,964,502.37	
Less: payments to shareholders in dividends: June 29, Oct. 1, and Dec. 31, 1918.....	5,850,000.00	
	\$16,114,502.37	
From this a dividend has been declared payable Apr. 1 1919.....	\$ 1,950,000.00	

The working expenses for the year were 78.10% of the gross earnings, and the net earnings 21.90%, compared with 69.46 and 30.54% respectively in 1917.

There were no sales during the year of 4% consolidated debenture stock, 4% preference stock, or other capital securities.

In consequence of the provisions of the order of the Governor General in council passed in Mar., 1918, imposing special taxes upon the company, the net surplus from railway operations for the year has been placed in reserve to meet such special taxes, and a notation to that effect appears in the accounts.

The sales of agricultural land in the year were 842,191 acres for \$15,375,996, an average of \$18.25 an acre. Included in this area were 64,424 acres of irrigated land which brought \$42.94 an acre, so that the average price of the balance was \$16.22 an acre.

Pursuant to the policy adopted by your directors in 1916, 100 farms for returned soldiers and qualified men have already been placed on a number of them. In your directors' opinion it is desirable that the company should continue, as conditions warrant, the preparation of farms and the sale of them on favorable terms to soldiers who have served in the Canadian or Imperial forces and to Canadians who have served in the allied armies.

At the outbreak of hostilities your company had in commission in Atlantic and Pacific service 38 steamships, with an aggregate gross tonnage of 342,000 tons. Since Aug., 1914, the construction of 4 steamships previously authorized, having a gross tonnage of 54,000 tons, has been completed, and 12 steamships of 69,000 gross tonnage have, in the same period, been purchased. During the war 15 steamships were lost by enemy action or through accidents at sea, and 9 have been sold to the British Admiralty, after having been requisitioned. The construction at the Fairfield Shipbuilding Co's yards of a ship 625 ft. long between perpendiculars, having a gross tonnage of 21,000 tons, is to be proceeded with pursuant to the authorization previously given, and three passenger ships of what is known as the intermediate class, for Atlantic service, two of which have been previously authorized, will be put under construction as soon as possible at John Brown & Son and the Fairfield Shipbuilding Co's yards. At the end of the fiscal year your company had in ocean service 28 steamships having a gross tonnage of 264,000 tons, and 6 steamships under order or purchased but not delivered having a gross tonnage of about 80,000 tons. On their delivery the total tonnage of the fleet will be slightly in excess of aggregate tonnage of the vessels in commission on Aug. 3, 1914.

In May, 1918, in consequence of the demands for increases in wages made to the United States Railroad Administration, substantial increases in all wage scales on U.S. lines were authorized, and were accompanied by increases in freight and passenger rates. Demands for wage increases were likewise made in Canada, and, by orders in council, passed under the War Measures Act in July, 1918, what is known as the McAdoo scale of wages was made effective in Canada, and increases in freight rates generally similar to those granted in the U.S. were made effective on all Canadian railways.

There will be submitted for your consideration and approval a lease of the Kaslo and Slocan Ry., extending from a junction with the Whitewater Creek Branch of the Nakusp and Slocan Ry. at Retallack to Kaslo, B.C., a distance of 17.7 miles, the control of which was secured by your company with your approval under agreement with the Province of British Columbia in 1912. With your approval the directors in 1893 concluded an agreement for the leasing of Nakusp and Slocan Ry. at a rental of 40% of the gross earnings. Bonds of the Nakusp and Slocan Ry. Co. for £132,960 were issued, guaranteed as to principal and interest by the Province of British Columbia and matured on July 1, 1918. The rental paid by this company has not been sufficient to pay the interest on the bonds, and \$321,698 had been advanced by the province for this pur-

pose up to Dec. 31, 1917. The lease of Nakusp and Slocan Ry. will expire in 1920, and during its existence your company has expended very substantial amounts in necessary betterments and improvements. In consequence of representations made by the B.C. Government your directors have agreed to the purchase by the company from the government of Nakusp and Slocan Ry. Co's. bonds to the above amount at the actual cost to the province of acquiring them, but not exceeding their face value, upon conditions which involve the extinguishing of all claims of the province against the railway. All the issued capital stock of the Nakusp and Slocan Ry. Co. is held by your company, and the arrangement is, in the opinion of your directors, warranted by the value of the railway as a traffic contributor to your company's system.

Subject to your approval your directors have concluded an agreement with the Grand Trunk Pacific Ry. Co. providing for the use by that company of your company's railway from a point east of Sutherland to a point west of Saskatoon, together with the use of your company's passenger, express, and freight facilities at Saskatoon station. The agreement is for 21 years from Sept. 2, 1918, the rental payable by the G.T.P. being based upon interest at the rate of 5% per annum on half the agreed capital account and the payment of maintenance expenses on a wheelage basis.

You will be asked to sanction the issue and sale of consolidated debenture stock to defray the cost of construction of the portion of the Moose Jaw Southwesterly Branch from mileage 35 to mileage 66, to an amount not exceeding £6,000 a mile.

Your directors are of the view that the construction of additional branch line mileage in the west will be necessary in the near future, and your authority will be asked for proceeding with the construction of the following lines when conditions warrant such construction, and for the issue and sale of a sufficient amount of 4% consolidated debenture stock to meet the expenditure, viz: Empress to Milden Branch, 132 miles; Empress to Acme Branch, 132 miles; Vidora east Branch, 35 miles; Russel north Branch, 15 miles; Lanigan north Branch, 150 miles.

Subject to your approval your directors have authorized expenditures on capital account during the present year of \$4,482,000, apportioned to the following works, namely:—

Replacement and enlargement of structures in permanent form.....	\$ 545,000
Additional stations, locomotive houses, freight sheds, ice houses and extensions to existing buildings.....	525,000
Additional terminal and side-track accommodation .....	400,000
Tie plates, rail anchors and miscellaneous roadway improvements.....	1,017,000
Lining tunnels, British Columbia district .....	185,000
Automatic block signal protection.....	112,000
Surveys for new lines and power possibilities .....	125,000
Miscellaneous improvements, and additions designed to improve facilities and effect operating economies.....	1,103,000
Improvements in connection with telegraph service.....	470,000

Your company subscribed to \$17,000,000 of the second Victory Loan and was allotted \$12,447,000 of its subscription. Included in this latter amount was \$4,866,666 allotted in exchange for the surrender by the company of £1,000,000 Do-