The Sao Paulo Tramway, Light and Power Co.

Limited

Report of the President and Directors for the Year Ended 31st December, 1909.

To the Shareholders:

Your Directors beg to submit their 9th Annual Report, accompanied by a summary of the operations of your Company for the year ended December 31st, 1909, which show the following results:

Gross Earnings		$2,439,485 77
Operating Expenses and Maintenance charges		846,626 67
Net earnings		$1,592,859 10
Taxes, etc.	$ 71,986 93	
Bond interest	300,000 00	
Dividends	978,866 70	1,350,853 63
Surplus		242,005 47
Provision for Renewals		150,000 00
Transferred to Profit and Loss Account		$ 92,005 47

The foregoing statement compared with that of the previous year, shows an increase in Gross Earnings of $152,075.21, or 6.6 per cent., and it is a source of gratification to your Directors to have the evidence that their policy of reduction in rates; not only in the Lighting and Power systems, but also in the Passenger Department, had the result they anticipated, and not a reduction, as some may have expected. The Net Earnings show an increase of $88,499.32, or 5.9 per cent.

While the interest charge remains the same, the taxes and dividend payments show an increase of $148,847.22. The dividend payment increased $142,328.24 on account of the higher rate of 10 per cent. per annum having been paid throughout the year, whereas this rate was paid in 1908 for the last quarter only. The payment for taxes increased $6,518.98, being the amount of business tax paid the City of Sao Paulo.

The property has been maintained in the same high state of efficiency as heretofore. The amounts charged for actual maintenance aggregated $177,562.86, an increase of $16,141.61 over the corresponding charge of last year. In addition there was expended for renewals and charged against the Renewal Reserve the sum of $143,367.44. An appropriation from surplus of $150,000.00 has been made to this reserve, which with the undistributed balance leaves a credit of $288,664.55 to take care of renewals.

Your Directors declared and there have been paid during the year four quarterly dividends of two and one-half (2 1-2) per cent.

In accordance with an agreement entered into with the Municipality, all Tramway fare zones were abolished in May, and the rates of fares adopted were:—First-class, 200 reis (6.16 cents), and second-class, 100 reis (3.08 cents), the latter service being afforded by attaching trail cars to certain of the regular electric cars during certain hours of the day.

In the Lighting Department a gratifying increase is shown, largely accounted for by the reduction in rates charged. There were 1,528 houses wired for lighting purposes during the year. The number of lamps installed at the close of the year were:—Incandescent, 62,321; Arc, 1,638, as compared with 51,320 Incandescent and 1,458 Arc at the close of the previous year, a total increase of 11,181 lamps, or 21.18 per cent., while the number of light customers increased by 518, or 12.3 per cent., making a total of 4,727 upon our registers at 31st December.

In the Power Department the percentage of increase is much larger, the number of customers being 428, an increase of 67, or 18.56 per cent., while the number of H.P. connected shows an increase of 2,233 H.P., or 23.37 per cent. The General Manager reports there is every indication that manufacturing industries will require over 2,500 H.P. additional during 1910.

The expenditure on Capital Account amounted to $767,000.65. The additions to the Hydraulic Plant at Parnahyba consisted of the installation of the seventh unit, including penstock, turbine, generator, transformers and switches, the building of high-tension bus compartments, and the excavation for the 8th penstock, etc. In the sub-station at Sao Paulo there were installed one 1,000 kw. motor generator. The track mileage was increased by 9 1-2 miles of new track, with the necessary poles, feeders, trolley wire, etc. Additions were made to the Feeders, Vaults, Underground Conduits, etc., for the Light and Power Department. To provide necessary accommodation for rolling stock, a new car house was erected and miscellaneous machinery was installed in the different construction shops of the Company.

All vouchers and accounts for the year have been audited and balance sheet duly certified by Messrs. Clarkson & Cross, Chartered Accountants, Toronto, and by Messrs. McAuliffe, Davis, Bell & Co., of London, England, Auditors in Sao Paulo. The certificates of both these firms will be found attached.

Respectfully submitted,

WM. MACKENZIE, President.

Toronto, April 25th, 1910.

INCOME ACCOUNT.

Gross Earnings		$ 2,439,485 77
Operating Expenses and Maintenance Charges	$846,626 67	
Interest on Bonds, Taxes, etc.	371,986 93	1,218,613 60
Surplus Earnings		$ 1,220,872 17

PROFIT AND LOSS ACCOUNT, December 31st, 1909.

Balance from last year	$ 659,251 99
Surplus Earnings, after payment of all expenses, interest, taxes, etc.	1,220,872 17
	$ 1,880,124 16
Dividends, four of 2 1-2 per cent. each	$ 978,866 70
Transferred to Provision of Renewals	150,000 00
Balance carried forward	751,257 46
	$ 1,880,124 16

ASSETS.

Hydraulic Plant, Transmission Lines, Light and Power Systems, Rolling Stock, Real Estate, Buildings, etc.		$17,816,820 09
Stores in hand		708,939 81
Accounts Receivable	$170,167 52	
Cash in hand	343,919 78	514,087 30
		$19,039,847 20

LIABILITIES.

Capital Stock authorized and issued			$10,000,000 00
First Mortgage 5 per cent. Bonds			6,000,000 00
Accounts and Wages Payable		$169,949 34	
Accrued Interest Charges		25,000 00	
Unredeemed Tickets		2,393 50	
Dividend Payable January 2nd, 1910		244,997 50	442,340 34
Reserve Funds.			
General Reserve Fund		$1,281,199 82	
Provision for Renewals	$710,000 00		
Less:			
Expended to Date	421,335 45	288,664 55	
Insurance Fund for Injuries and Damages		20,852 37	
Exchange Suspense Account		255,532 66	1,846,249 40
Profit and Loss			751,257 46
			$19,039,847 20

The following Directors were re-elected:—William Mackenzie, Frederic Nicholls, Z. A. Lash, K.C., Alexander Mackenzie, F. S. Pearson, Dr. Sc., E. R. Wood, Hon. Geo. A. Cox, Sir H. M. Pellatt, J. H. Plummer, R. M. Horne-Payne, Dr. Alfredo Maia.

At the Directors' meeting, held immediately after adjournment, the following officers were elected:—William Mackenzie, President; Frederic Nicholls, Vice-President; Z. A. Lash, K.C., Vice-President; Alexander Mackenzie, Vice-President.