

NATIONAL TRANSCONTINENTAL RAILWAY

Provincial debentures of the province of Canada to the amount of \$15,142,633.34 had been issued, prior to the passing of this Act, in aid of the company. These debentures carried interest at the rate of 6 per cent per annum.

By section 19 of the chapter referred to, the province of Canada consented to allow its claim for interest due and accruing in respect of these debentures to be postponed to the payment of certain charges which were made prior by the statute. The section provided that after the payment of the working expenses of the railway the balance of earnings was to be appropriated and applied in payment—

- (a) of interest on Equipment Mortgage Bonds;
- (b) of interest on First Preferential Bonds and the dividend due on First Preference Stock;
- (c) of interest due on Second Preferential Bonds and the dividend due on Second Preference Stock;
- (d) of dividend due on Third Preference Stock;
- (e) of dividend due on Fourth Preference Stock;
- (f) of dividend of 3 per cent per annum for ten years on the ordinary stock of the company, and thereafter at the rate of 5 per cent per annum;
- (g) of further dividend of 1 per cent per annum on the Third Preference Stock;
- (h) of further dividend of one per cent per annum on the fourth preference stock;

(All the above were given priority over the government claim for interest), and then;

- (i) in payment of the interest for the time being due and accruing, subsequent to the 1st January, 1862, on the provincial debentures issued in aid of the company, before the passing of the Act, at the rate of six per cent per annum.

The interest on the provincial debentures referred to amounted, at the time of Confederation, to \$10,457,458.01. Amounts represented by these Province of Canada Debentures,—\$15,142,633, and this interest of \$10,457,458.01,—were, at Confederation, taken over by the Dominion from the province of Canada, and have since been carried in the balance sheet without change under the heading 'Railway accounts' but these amounts have not been included in the statement of assets.

As the net earnings of the company never met all the prior charges, as provided by the Act, no part of this interest has ever been payable.

There was also carried in the Province of Canada accounts and taken over at Confederation a special interest claim of \$7,302.18, which has been continued in the balance sheet. This special interest claim arose from an adjusted balance of various accounts made between the Province of Canada and the Grand Trunk Railway Company, which balance was confirmed by an order in council of the 18th October, 1866.

Besides the above, the Province of Canada was, at the time of Confederation, the holder of fourth preference stock of the company, converted, by section 11, chapter 18, Act of 1873, into third preference stock, of the par value of \$121,739.65. Dividends have been paid to the Dominion on this stock on several occasions as follows:—

During year 1881.....	—
" 1883.....	\$ 608 70
" 1884.....	1,643 48
" 1902.....	1,976 26
" 1903.....	1,217 40
" 1905.....	2,434 80
" 1906.....	2,434 80
" 1907.....	3,652 20
	3,652 20

This fourth preference stock was accepted by the Province of Canada in payment of a certain part of the accounts adjusted by the order in council referred to.

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