

revenue charges, which amounted to £170,744; and this deficiency was met out of Grand Trunk revenue for 1886, as shown in the accounts of that Company to 30th June, 1886. Although, therefore, it is clearly a mistake (which is, however, often made), to treat the Chicago and Grand Trunk earnings as so much addition to the revenue of the Grand Trunk Company, this latter has a material interest in the question of those earnings being sufficient to enable the Chicago Company to meet its own bond interest and other charges. The parent Company has, moreover, a direct interest in the welfare of the Chicago Company, as being the holder of a small amount of its First Mortgage Bonds, and about £570,000 of its Second Mortgage Bonds, the half-yearly interest on which, to the amount of £14,348, appears regularly, whether received or not, amongst net revenue credits in the Grand Trunk accounts. The Grand Trunk Company also holds about £1,160,000 of Chicago and Grand Trunk Ordinary Stock. The rentals, bond interest, and other net revenue charges of the Chicago Company amounted last year (1886) to £178,446, being an increase of £41,478 as compared with 1883, when the amount was £136,968. As against this amount of £178,446 the net earnings amounted to £140,825, and the deficiency of £37,621 had to be charged against the net revenue of the Grand Trunk Company. For the first half of 1887 the net earnings were insufficient to cover net revenue charges by £2,915. This deficiency will, in all probability, be made good in the second half of the year. Should there be a surplus, which is very likely, a payment will, no doubt, be made to the parent Company on account of former advances.

As regards the Detroit, Grand Haven and Milwaukee Company, the Grand Trunk has an interest therein, as