

only fair and equitable in itself, but as affording the best remedy for contingencies which might have impeded the successful prosecution of their undertaking, and they propose that a supplemental contract be executed in accordance therewith.

The works actively prosecuted are those from which the largest and earliest return is to be expected. Those which are suspended are the portions likely to be least remunerative. The diminished rate of progress of the works on the Victoria Bridge is in accordance with a desire very generally expressed, and by concentrating the energies and resources of the contractors upon the other parts of the undertaking, will expedite the completion of the Main Line of Railway. It also affords an opportunity for consideration whether some plan of construction may not be devised, whereby all the advantages to be derived from completing this important link in the great chain of communication may be obtained at a less charge upon the undertaking.

The capital accounts submitted herewith show that the expenditure under that head to the 30th June last, amounts to £6,472,296 18s. 5d. of which £1,722,152 15s. 1d. was on account of the Montreal and Portland Section including additional Locomotive stock, &c.

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|------------|------|------|---|
| £2,117,923 | 9s. | 0d. | for works between Montreal and Toronto, |
| £1,077,676 | 11s. | 8d. | do do Toronto and Stratford, |
| £ 892,991 | 19s. | 11d. | do do Quebec and Richmond, |
| £ 325,835 | 10s. | 0d. | do do Quebec and St. Thomas and |
| £ 259,175 | 3s. | 5d. | for the Victoria Bridge. |

The Directors append hereto the Reports of Mr. A. M. Ross, the Engineer of the Company, and of Mr. S. P. Bidder, the General Manager. By the former it will be seen that the Section, from Montreal to Brockville, (125 miles) will be ready for opening within a couple of months from the present time and from its perfect construction there will be no cause for regretting its immediate use—the whole of the materials used being of the best quality and workmanship. An ample supply of Engines and Carriages of various kinds now completed and erecting at the Company's extensive works at Pointe St. Charles will be in readiness in due time. And from the latter it appears that "the working expenses for the last half year, are a fraction over £11 per mile, per week; but considering that it is the worst half year, both in receipts and expenditure, the result is with less difficulty accounted for, and it is still to be hoped that we shall be able to bring the working expenses to within £10 per mile through the Lower Province, and every exertion will be made to do so. The Trains now running are capable of earning double the present receipts without materially increasing the expenditure."

At the close of the present year, the arrangement made with the Great Western Railway Company under which the two Companies have agreed to suspend their works west of Stratford and London in the direction of Sarnia, with the view of avoiding the construction of competing lines, will terminate. The Directors will use their utmost endeavours to effect such an arrangement with the Great Western Company as will prevent competition, and be mutually advantageous to both Companies, and they have the satisfaction of being able to state that the contractors for the Western Section of the Grand Trunk Railway are prepared to co-operate with them in any plan that may be agreed upon.

In accordance with the terms of the Amalgamation agreement, a Ballot has taken place among the Directors by which the seats at the Canada Board of Messrs. Ross, Hicks and Holmes, and at the London Board of Mr. H. Wollaston Blake have been declared vacant.

These Gentlemen are eligible for re-election and offer themselves accordingly.

In accordance with a general wish expressed by the Shareholders of the Company, at a Meeting held in London on the 24th July last, a report of the progress of the undertaking and the accounts of the Company will henceforth be issued each half year.

The Capital and Revenue accounts for the twelve months ending 30th June last are herewith submitted.

(Signed)

B. HOLMES,
Vice-President.