

(11)

R. Bell

**FIRST
ANNUAL REPORT**

OF THE

BONDHOLDERS' MANAGEMENT

OF THE

Brockville and Ottawa Railway Co.,

FOR THE YEAR ENDING 31st DECEMBER, 1864.

NEW YORK:

HOSFORD & KETCHAM, STATIONERS and PRINTERS,
57 and 59 William Street.

1865.

LP
HE 2810. B8A1

1st
186A

30

A1

Brockville and Ottawa Railway Company,

Head Office, Brockville, Canada West.

OFFICERS :

PRESIDENT.

JOHN G. RICHARDSON, Brockville and New York,

VICE PRESIDENT AND MANAGING DIRECTOR.

RICHARD P. COOKE, Brockville,

SECRETARY AND TREASURER.

THOMAS P. FRENCH, Brockville,

AUDITOR.

WILLIAM R. WORSLEY, Brockville,

DIRECTORS :

ALEXANDER MORRIS, Esq., M. P. P., Perth, C. W.

HARRY ABBOTT, Esq., Montreal, C. W.

J. L. McDOUGALL, Esq., Renfrew, C. W.

ARCH'D McARTHUR, Esq., Carleton Place, C. W.

J. W. B. RIVERS, Esq., Brockville, C. W.

RICHARD P. COOKE, Esq., Brockville, C. W.

JOHN G. RICHARDSON, Esq., Brockville, C. W.

THE CANADIAN PACIFIC RAILWAY COMPANY
ANNUAL REPORT
FOR THE YEAR 1900

BO

B

The
Canad
trans
Un
Stock
Th
so ma
As
inves
follow

Th
ment

FIRST ANNUAL REPORT
OF THE
BONDHOLDERS' MANAGEMENT
OF THE
Brockville and Ottawa Railway Company,

For the Year Ending 31st December, 1864.

THROUGH the operation of an Act of the Provincial Parliament of Canada, passed 15th of October, 1863, the control of this Railway was transferred to the Bondholders.

Under the original charter, it had been exercised, as usual, by the Stockholders.

Therefore, in this Report, any reference to the "Company" will be so made as to distinguish between New and Old.

As nearly as can now be ascertained from the Books, after careful investigation, the original capital account of this Company stands as follows :

FIRST MORTGAGE.

The undermentioned Municipalities having borrowed from Government and advanced to the original Company the following sums, viz :

Lanark and Renfrew.....	£ 200,000
Brockville.....	100,000
Elizabethtown.....	38,500
	£ 338,500 Currency.

They received and hold in return a first Mortgage upon all the property of this Company for.....£ 350,000 Currency.

SECOND CLASS DEBENTURES.

Of these the authorized issue is.....£ 350,000 Sterling.
 The amount issued by the original
 Company is..... 146,100 "
 Leaving to be issued.....£ 203,900 Sterling.*

STOCK.

Authorized issue.....£ 1,200,000 Currency.
 Of which was subscribed..... 354,925 "
 But actually paid for
 in work and labor £48,888 0 10
 In cash, only..... 2,975 10 6 _____
 £ 51,863 11 4 Currency.

From which we gather that the Municipalities and Bondholders' Interests aggregating £ 496,000 received by the original Company in Cash, or its equivalent, have been controlled for nearly ten years by a stock interest, of which only £ 51,863 11s. 4d. were paid in cash or its equivalent.

For this anomalous arrangement, legislation, in connection with the Company's Charter, was not entirely in fault, because legislation contemplated and intended the creation of a stock capital of £1,200,000 which, had it ever come into real existence, would have built, and so, justly have controlled, the road; but as this capital never so existed, legislation was perverted into endowing a Fiction with all the powers and privileges which should have only belonged to the Fact.

Therefore the inefficiency of then existing legislation became manifest in time in the evils which resulted from interests which had

* NOTE.—Of this sum the present Management have already issued \$201,311 89, in payment of sundry claims, as provided in the Act of October, 1863, and as appears by the Secretary and Treasurer's Statement, No. 1.

everything to lose, being controlled and managed only by those which had everything to gain, and for over three years prior to the Act of 1863, the Municipalities received next to nothing, and the Bondholders actually nothing, on their large investments, while the Stockholders' Management entirely absorbed whatever advantage or emolument was directly or indirectly derivable.

Early in this default the leading Bondholders opened negotiations with the Stockholders' Company with a view to obtain relief.

It was stated and believed, that unless the Railway was speedily extended to the River Ottawa, the position of Municipalities and Bondholders was nearly hopeless as to receiving any payments of interest.

The Bondholders were desirous and ready at once to find the means to secure this valuable extension; but would only do so on the obvious condition that, as the Company was insolvent, and as a large additional cash capital must be furnished by the Bondholders and expended on the Road, the said Bondholders should become legally invested with the corporate management.

The Company, however, believed in its own power to raise the capital required, and made various but unsuccessful attempts. Finally, after upwards of three years of difficult and harrassing negotiation, a basis of compromise was attained resulting in the Act of 1863.

The responsibility for the valuable time thus lost must rest with the original Company, because had they conceded in 1860 what they did in 1863, the extension of the Road would have followed in 1861, instead of 1864.

Thus would have been avoided a three years' accumulation of interest to Municipalities and Bondholders of nearly \$200,000; a probable gain of \$100,000 from the Ottawa traffic would have been secured, and the Municipal interest could have been resumed more easily in 1863 than it now can be in 1866.

In judging, therefore, of the statements, hereinafter submitted, it should be conceded that our progress would have been greater had our delay in obtaining the control been less.

The Act of 1863 gives to the Bondholders the same power to vote as was accorded to Stockholders under the Company's original Charter.

In return for this solitary concession they assume risks and submit to sacrifices, the extent of which will best appear by a comparison with the other "parties in interest."

First. They allow the creation of a mortgage of £60,000 sterling, "preferential" to their own lien.

Second. All the cash capital required for the "extension and completion" of the Road is furnished by the English Bondholders alone, who receive as security therefor, only the above "Preferential Bonds" for which other purchasers, at reasonable rates, could not be found.

Third. They allow the claims of "Judgment Creditors," inferior to their own in legal priority, to be liquidated by a further issue of "Second Class Debentures," thereby advancing an inferior class of Creditors to a par with themselves.

As against these material sacrifices on the part of the original Bondholders, let us examine what other "parties in interest" concede on behalf of the resuscitation of this railway.

1ST. THE MUNICIPALITIES.

Their interest is already stated to be £338,000 Currency, for which they hold a Joint First Mortgage of £350,000 currency.

It should be distinctly understood that these £338,000 were not advanced as an actual *Cash Subscription* from these Municipalities. No "Subscription List" exists to attest their individual pecuniary contributions towards a work upon which they hold, notwithstanding, the first lien. On the contrary, the above sum was furnished by *Government* from the resources of the "Municipal Loan Fund" of Canada; a fund created for the express purpose of aiding the various Municipalities in the erection of Public Works throughout these Provinces, the Municipalities merely becoming security therefor.

T
per
geth
entit
Con.
duce
throu
dolla
Renf
\$13,
Cour
N
the l

D
least
para
occu
hard
adm
of R
Y
hold
only
H
towa
rate

The annual payments on the above advance were originally (6) six per cent for Interest, and (2) two per cent for Sinking Fund. Together £28,000 currency per annum, but by the operation of the Act entitled "An Act respecting the Consolidated Municipal Loan Fund," Con. Stat. Cap. LXXXIII., whereby the yearly payment is reduced to 5 per cent on 6 per cent of the assessed value of property throughout the borrowing Counties, the annual interest is now fewer dollars than before it was pounds. The interest of Lanark and Renfrew for 1861, which is only now being collected, amounts to \$13,978. Distributing this equally over the population of the two Counties, the tax is under twenty-five cents per head.

Notwithstanding, however, all the collateral advantages accruing to the Municipalities :

First. The expenditure *among themselves* of all the Funds advanced by the Government on their credit.

Second. Their never being called upon to pay the principal.

Third. The advantages to those Counties penetrated by the Railway in Postal facilities ; ease, economy, and rapidity of travel ; accessibility to markets, and the consequent inevitable increase of population, and appreciation of property.

Despite these considerations, which should have amply repaid at least those Counties through which the Railway passes for the comparatively nominal assistance rendered by them, the Municipalities occupy in addition, the unparalleled position of First Mortgagees, the hardship of which, as respects the other creditors, will be at once admitted by any one acquainted with the general nature and equity of Railway priorities.

Yet, be it understood that no attempt has been made by the Bondholders to assail this position or evade its obligations. They request only a reasonable time within which to fulfil them.

Having thus explained the position of the Municipalities jointly towards the Railway Company, they have next to be treated separately.

1ST. LANARK AND RENFREW.

In January, 1863, owing to the apparent hopelessness of obtaining satisfactory redress directly from the original Company, and acting on behalf of the leading Bondholders, I opened negotiations with their Counties' Council.

The object was to arrange such terms of forbearance on the part of the Municipalities as would encourage the English Bondholders to furnish the means to extend this Railway as soon as they could secure legal control of its management.

In effect, I proposed to the Committee appointed to meet me; that, if the English Bondholders obtained the control, they would, thereupon, furnish the means for extending the Road and accept Bonds as security, provided the Municipalities would avert any risk of dishonor to such Bonds by forbearing their own prior claim for interest, until such time as the earnings of the extended Road might be reasonably expected to protect *both*.

For it was clearly absurd to presume that further investment of capital would be made in an insolvent Railway unless upon a satisfactory guarantee that the *new securities*, issued for such *new capital*, would *not* be dishonored.

It was possible, with the concurrence of the Municipalities in the foregoing, to furnish such guarantee, because from the *statements* of the original Company, the *surplus earnings* remaining over *working expenses*—but without reference to further outlay for *renewals*, new *rolling stock* or the like—were found to average about \$19,000 per annum.

I therefore proposed, that the Municipalities should postpone their claims for interest until the 31st December, 1866, in order that this *surplus*, which the Railway had proved its capacity to earn, might be applied in the interim to protect the interest on the New Capital which, in this way alone, could be obtained.

It was generally believed that after 1866 the *increased earnings* of

the
Mu
I
for
186
in
l
cep
l
ren
I e
int
tha
l
kn
the
eco
itic
ma
bla
so
wh
ter
sus
wo
for
bly
up
pe

the Road would be such as to still protect the new capital, while the Municipal claim was restored to its original priority.

For whatever interest the Municipalities had paid, or, under the foregoing conditions, should pay to Government up to 31st December, 1866, fifteen years from that date were to be allowed this Company in which to repay by equal semi-annual instalments.

It was distinctly understood by me that these propositions were accepted.

In *subsequent* conversation, however, a member of the Committee remarked, "but what if there be a *surplus* before 1866?" Naturally I could only suppose him to mean a *further surplus*, after payment of interest on the New Bonds, as well as *working expenses*, and replied that, in such event, it belonged to the Municipalities.

By this interpolation a grave misconception arose, and, without my knowledge, was embodied in the *report* of the Railway Committee to the Council, to the effect that *all surplus earnings, after payment of economical working expenses*, were to be transferred to the Municipalities.

My attention was not directed to this until I came to peruse the formal Deed of agreement last October, and I cannot deem myself justly blamable for not having suspected the possibility of an interpretation so entirely foreign to the spirit and common sense of the arrangement which I supposed concluded.

Unless a *further surplus* were meant after payment of *Preferred Interest*, as well as of *working expenses*, why enquire *what if there be a surplus, &c.*? seeing we all knew there was a *surplus* over merely *working expenses*!

And unless I were negotiating to be allowed to supply such surplus, for a time, in protecting the *preferred* interest, for what could I possibly have been negotiating?

Unless the Municipalities conceded such application of the *surplus* up to 31st December, 1866, what concession did they make for *that period of 3 years*, and why was it specified?

Had the terms of the Railway Committee Report been the correct basis of our understanding, I think any one will allow that it would have been expressed somewhat thus : All surplus earnings, after payment of economical working expenses, are to be given to the Municipalities, *until the back interest due them is refunded*. After which such surplus shall be applied in payment of interest according to its priority. Had such been our understanding, no Bonds thus palpably rendered liable to dishonor could have been sold, and therefore the funds for extending the Road could not have been raised.

This explanation is considered advisable, in order to correct the mis-statements and confusion which have arisen upon *this important point*.

I am happy to state that, on appearing before the Council last October, to rectify this error, *an amendment* restoring mutual understanding was finally carried ; but not without such an exhibition of hostility as to force me reluctantly to believe that the good faith and honor of their Council were not so valued by some of its members as they should be.

A corrected *agreement* having been prepared, I hoped all difficulty was ended ; instead of which, the Counsel who acted in our behalf, advised that we decline executing this instrument for the reason that, by the *wording* of certain of its clauses, this Company *might* be construed to have renounced the benefits conferred by the Act of 1860, and to have reassumed, in full, their *original liabilities*.

Further interviews then occurred and *provisos* from each side were offered, but the difficulty being so purely technical there was no solution save by a meeting of the respective Counsel.

Before this could be accomplished, the official term of the Counties' Council expired.

At its assembly, I laid the matter before the new Council, and subsequently had an interview with a Committee appointed for the purpose. From the nature of our conference, I trust that the meeting between the Counsel, the satisfactory arrangement of their technical

differences, and the consequent execution of the agreement will follow at an early date.

Without delaying on this account, however, or longer than was needful to ascertain our *surplus* at the end of 1864, I sent to the County Treasurer, the sum of \$2,716 50, being equal to one-fifteenth of the assessment of Lanark and Renfrew since the 5 cents in the dollar act took effect.

While it is hoped that the right-minded and more numerous portion of the community will duly credit us for thus commencing repayment *two years sooner* than we anticipated when making the agreement in 1863, the factious of course continue dissatisfied. They say I have not remitted enough ; nor soon enough ; nor according to agreement. I reply,

First. After making this payment we have retained only some \$3,300 from which to pay the proportion of interest due Elizabethtown, to meet current accounts, and to be somewhat prepared for any of those contingencies to which a Railway is especially liable.

Second. We could make no payment before 31st December, as we could not sooner know what our *surplus* might be.

Third. If the *letter* of the agreement was infringed, its *spirit* was more than sustained, because had we retained *at least* \$4000 in the Treasury, as advised by the Superintendent upon his estimate of Current Accounts, and to be prepared for sudden accident and extra expense, the sum remitted to the Counties' Treasurer would have been *proportionably smaller*. Moreover, I take it, the Rate-Payers care less for the manner than the matter of repayment, and I have now paid one-fifteenth of the entire 3 years' assessment, whereas the Treasurer's account, and our Books show that \$10,000 have been already paid thereon, leaving \$30,747 50 of balance due, one-fifteenth of which would be \$2,049, instead of \$2,716 50.

2ND, TOWN OF BROCKVILLE.

Out of the sum of £100,000, for which this Town is a First Mortgagee, its corporation has retained £17,000 against interest, land damages, and law expenses; and the proportion applicable to the first item is more than sufficient to form a just offset against any claim for interest prior to 1866.

Moreover the rate-payers should know that although repeated application has been made in the proper quarter, we have not, as yet, obtained any statement of Brockville's account against this Company, with a view to adjust and agree the same.

Lanark and Renfrew invited Brockville to co-operate in their arrangements with this Company, and the latter sent a Committee to Perth to confer with the Counties' Council; but no further action was taken of which I am aware.

I trust Brockville will not fail to appreciate the fact that whatever tends to increase the financial and material improvement of this Railway, thereby increasing its power to attract and transport Passengers and Freight, must result in corresponding benefit to the Town.

The importance of this Railway is evidently being appreciated by the business community of our neighboring Capital; and should Ottawa succeed in her earnest desire to increase and extend her own Railway facilities, the *golden opportunity* now beckoning to Brockville will have finally departed.

Knowing, as we do, that a chief element of the staple trade of Ottawa is its dealing in the *supplies*, of which such vast quantities are consumed throughout the Lumber Districts of the Ottawa River, and its tributaries, it is impossible not to feel and express some surprise at the apparent supineness of Brockville in delaying *at once* to grasp and improve an advantage so manifest as we have offered her by extending this Railway to Arnprior; thus placing her merchants

and those of Arnprior in the most favorable competitive position to secure a great and valuable extension of Trade.

Let us hope that, ere another season, this seeming lethargy may have disappeared; that busy commerce may throng our wharves and streets, and that by the wise and liberal policy of the Corporation, and the business energy of the merchants, the Managers of this Railway may be encouraged to forestall and defeat, as far as practicable, all rival undertakings.

3D, TOWNSHIP OF ELIZABETHTOWN.

Granted two interests identical in all things save amount, then, whatever benefits the greater, must, in proportion, benefit the less.

If therefore, by judicious encouragement of the Bondholders' Management, Lanark and Renfrew shall attain the earliest relief from paying to Government of an annual Tax of nearly \$14,000; Elizabethtown, by a like proceeding, will likewise secure the speediest removal of her burden of less than \$3,000 per annum.

It is argued that Lanark and Renfrew are benefited by the Railway, and are interested in its extension, while Elizabethtown is not. This is a narrow and incorrect view, for as Government demands interest from the Municipalities in proportion to the sums they have respectively borrowed; and as the Railway Company must not protect its smallest creditor at the expense of its largest; but must refund according to its means, to *each creditor in proportion*; it follows that *each* Municipality is interested, to the extent of its Loan, in having that proportion increased, as rapidly as possible, to *payment in full*.

Now the experience of past years has shown that this Railway, unextended, and unimproved, cannot meet the municipal claims.

Neither can it do so even if extended to Arnprior, as it is, unless further large sums of new capital are expended in Wharfage, Station Accommodation, Rolling Stock, &c., *without which additions no considerable increase of business can be accommodated*.

It is also proved that Arnprior Station, although opened only in

December last, and too late for the Fall business, already ranks next to Perth, our best Station, in amount of Returns.

The interest of the Municipalities in the extension is thus practically demonstrated. Nor can Elizabethtown form an exception. She is interested, not only in the extension, but also in the utmost possible improvement of the earning powers of this Railway; not only for herself, *but for the others*, because at the same time that Lanark and Renfrew, and Brockville are paid in full, she will be paid in full; *but not sooner.*

It may be true that Elizabethtown does not derive the same direct benefit from the Railway as do Brockville, and Lanark and Renfrew, seeing only a corner of the Township is entered by the line; but this is no reason why, by ill-advised and hasty action, she should be induced to still further injure, rather than benefit, her position.

This position is that of First Mortgagee to the extent of £50,000 in a Joint First Mortgage of £350,000 upon this Railway.

The value of this mortgage does not lie in the paper upon which it is engrossed; neither does its basis of security rest upon the "Court of Chancery;" but its value and security exist in the *actual property* and *prosperity* of this Railway.

As property and prosperity increase, so do the value and security of the Mortgage; and as the former diminish, so are the latter deteriorated, and no Court of Law can alter these inevitable consequences.

Accordingly, I hope to remove some of the fallacies and errors which have been circulated so industriously in Elizabethtown of late; and further to prove that if, as has been already demonstrated, her best interests and earliest relief from the *Railway Tax* lie in the earliest extension and highest improvement of the Railway itself; and if the present management be doing all which is possible, by means of new capital and zealous labor, to secure these results, then is Elizabethtown bound by the most evident self-interest to sustain this management by hearty encouragement, instead of endangering the

abrupt termination of its valuable efforts by the exhibition of threatening discontent.

All other things being equal, the nature of management will be generally found to accord with the interests at stake.

If a management have much to gain, and little or nothing to lose, experience proves that other interests will probably be sacrificed.

But if the interest of any management be so balanced as that there shall be quite as much to lose, as to gain, experience proves that such management will be generally found efficient and equitable, seeing it has the *double* incentive to *avoid loss*, as well as to secure gain.

Now it can be shown that these last conditions form the distinguishing characteristics of the Bondholders' interest, and therefore that, without exception, it is this interest which can, and should be trusted to bring order out of this Railway chaos.

The interest now managing this Road, and represented by me, exceeds Half a Million of Dollars, and is being steadily augmented by the advance of *new capital* for extension and improvement. It is based upon the Iron Rails furnished to the original company. These Rails have not their equal in Canada for quality and value, which proves that the interest by which we control is genuine and not fictitious. This is also proved indirectly by the inference that the transaction must have been considered by the old Company as one of *value received* in order to deserve the general congratulation bestowed upon it when reported here.

Not one farthing of interest has been paid in cash on this investment since 1859. The sum thus in arrear will exceed \$125,000, part of which is already funded, and the balance will likewise be so as soon as possible in *Second Class Debentures* similar to the Principal. No cash has been, or will be paid to Bondholders—as it is to the Municipalities—for back interest.

The yearly interest on this aggregate of \$625,000 will amount, say to \$36,000, or some \$12,000 a year, *in excess* of the annual sum due the Municipalities.

Therefore each year that the Municipal interest remains unpaid, will throw the Bondholders in arrear some \$12,000 per annum *more* than the Municipalities.

The Municipalities have no principal, but only their interest to protect; but the Bondholders have thus a heavy principal at stake, and the interest thereon far exceeds that of the Municipalities.

The large investment of over \$625,000 must remain without *market value* until some payment of interest upon it can be made.

But this cannot be done until interest payments to the Municipalities have been first resumed, seeing that our Bonds *record on their face* the prior Municipal claim.

If Bondholders' Management fail, they are saddled with a worthless investment of \$625,000.

If it succeeds, a value is given to that investment according to its success. The greater success, the greater value, and the Municipalities *must* reap the *first* benefit.

What further argument is needed to prove conclusively, that the Municipalities can be rescued from the Railway Tax in no way so speedily and permanently as by a cordial support of the Bondholders' Management?

We all know there are those who live by *popular grievances*, and deprived of this nutriment, would die.

The *Railway Tax* is our great popular grievance, and our political aspirants have done their utmost to magnify the mole-hill into a mountain, doubtless that they might stand upon the top thereof, and thus become visible.

Much has been said by these eloquent men; but the true question is, what have they *done* towards furnishing the only practical and effectual remedy to which this *popular grievance* will succumb?

Have they advanced all or any part of the £60,000 now being spent in these Counties to improve the Railway? Not one farthing.

Have they built the Road to Arnprior this season? Not one foot.

But by disingenuous assertions, and distorted statements they have

son
of
for
V
boo
cap
with
acc
T
abst
poit
hea
I
asse
unv
unp
S
con
bod
mer
expl
boo
that
trut
I
corr
awa
duty
mor
ing
Rai
ings
T

sought to confound the past and present managements in the minds of the people, in order that the unpopularity which attached to the former might be transferred to the latter.

We are accused of extravagance; of bribery; of falsifying our books; in fact of every crime in the Railway Calendar; and actions capable of the simplest explanation have been twisted and disguised, with an ingenuity worthy of a better cause, to give color to these accusations.

They have originated chiefly with *Agitators* who have cautiously abstained from seeking information directly from us upon a single point in question. Doubtless they feared we would *bribe* them too heavily with the stubborn logic of facts.

It is less surprising that men should exist who believe unfounded assertions plausibly uttered, than that they should discredit the plain unvarnished truth, uttered with due knowledge, when that truth is unpleasant.

Still it is painful and discouraging to learn that, of the various competent and pains-taking gentlemen appointed by the public bodies of these Counties to examine into our entire system of management, (which examination was facilitated on our part by the fullest explanations, coupled with *ocular proof* down even to our Bank books), three at least have failed of re-election for no other reason, that I have heard, save that they had the self-respect to report the truth as they found it.

If this be the fact, then these Counties have set a premium on the corruption of their public men by thus allowing themselves to be led away into discrediting those whom they sent to examine us, which duty was faithfully performed; while they are deluded into bestowing more or less of credence on the artful concoctions of those who, knowing nothing whatever of the real state of our affairs, seek to maintain *Railway agitation* for the sake either of political capital or the *pickings* of a *Chancery suit*.

Time undoubtedly will rectify all these evils, and the truth will at

last prevail; but in the interim it will be well for the people to exercise *their own* judgment on this question. They know that the Railway is not a political institution naturally—but a commercial undertaking. They know, or can learn, that when conducted commercially, Railways generally pay; whereas, when managed politically alone, they never do. Let them therefor consider which management will most benefit them as *Rate-payers*—the Political, or the Commercial.

We request two years time from the present to develop the traffic of this Railway up to, as we believe, a securely paying point for Municipalities and Preference Bonds in full of their annual interest. If this be accorded, we will take our chance at the end of that period. Lanark and Renfrew agree to this; but if Brockville and Elizabethtown do not, and are rash enough to take legal proceedings, then it is only fair to warn them, that a Railway suit in Chancery, contested as this would be, will cost, between the suit itself, and the *poverty which would follow*, as much as five, perhaps ten, years delay, instead of only two. No benefit, save to the lawyers—nothing but a suicidal waste of money and of time can result from such a course.

Moreover the mortgage of Elizabethtown is for £50,000, whereas the sum paid to the original Company was only £38,500, leaving £11,700 still unpaid, which would make a formidable offset in case of need.

Repeated application has been made since 13th August last to the Treasurer of Elizabethtown, for a statement of his account against this Company, that it may be examined and agreed with our books. We cannot even obtain sight of an account, which we are so vehemently called upon to pay! I have therefore forwarded to the Treasurer \$619 12, being one-fourth of the sum paid to Lanark and Renfrew, and in proportion to their respective mortgage claims.

TI
for t
done
expe
whic
thus
TI
with
expla
from
ary,
deme
excess
amou

It
prese
priori
By
liquid
of th
Bond
Th
have
could
binati
as wi
and p
Th

STOCKHOLDERS.

These have made one concession in the shape of a postponement for two years from October, 1863, of their voting power. This was done in order that the Bondholders should have the entire control in expending the new capital which none save they would furnish; and which would not have been advanced but for the additional security thus afforded.

The nature of the stock interest and its insignificance compared with that of the Municipalities and Bondholders, have been already explained. The incompetence of its management, which extended from the organization of the original Company in 1853, until February, 1864, a period of more than ten years, is but too conclusively demonstrated by the fact that the balance of their books shows an *excess of liabilities over assets* of \$271,359 47, exclusive of a large amount of interest in arrear and unpaid at the present day.

JUDGMENT CREDITORS.

It may be said of them, as truly as of the Municipalities, that their present position stands without parallel in the history of Railway priorities.

By the Act of October, 1863, they have become entitled to the liquidation of their claims, in the so called *Second Class Debentures* of this Company, whereby they are *advanced* to a priority with the Bondholders.

This improved position is not due to any claim by which it could have been equitably attained; or to any power which these creditors could have equitably exercised to secure it, but solely to that combination of circumstances which rendered a compromise with them, as with the original Company, apparently preferable to an expensive and protracted litigation.

These judgment credits are chiefly composed of contractors' claims

and the like; and to assert, as some do, that these creditors are not only equal, but superior in equity, to Bondholders, is only more absurd than unjust.

For the Contractors made their contracts with the old Company to be paid *in Cash*.

But Bondholders received their Bonds, supposing that all prior contracts *had been paid*, or *would be paid*, from the cash funds raised on the credit of the Municipalities; and that the work thus done and paid for, constituted the *basis* of security upon which the Bonds were issued.

Otherwise, had Bondholders understood that there existed a large amount due the Contractors, &c., for work done, but unpaid, would they not have seen at once that the *basis* of their Bond security was proportionably weakened, and either required more favorable terms, or entirely declined the transaction?

The non-payment of Contractors' claims *in Cash*, was a gross evil perpetrated against the Bondholders, whose security is thus depreciated by just so much as those claims now absorb in the further issue of Bonds.

But while the Bondholders are not responsible for the disappointment and distress endured more or less by the Contractors; neither do they admit the original *equality* of position as creditors of this Road. And for being thus liberally advanced to a par with Bondholders, Contractors are clearly indebted to them for a chance of saving whatever may yet be recoverable from the wreck.

That Contractors should claim to receive Bonds at the Discount allowed to original Bondholders, is no more tenable than that Stockholders should claim to stand on par with Bondholders, or the latter with the Municipalities.

I have thus endeavored to show as clearly as I could;

First. The nature and position of the respective interests connected with this Railway.

I
in vie
the p
the p
than
other
woul
proac

Fr
of th
Or
ganiz
natur
the s
deser
have
effici

Second. That it has been completely in default of Interest since 1859.

Third. That to restore it to an interest paying condition, the forbearance of all its Creditors; a large expenditure of New Capital; and the most judicious management are imperatively necessary.

Fourth. That the *maximum* burden involved in these conditions is laid upon the English Bondholders, and the *minimum* upon all other creditors.

Fifth. That any hostile course taken by the Municipalities must prove suicidal, whereas it is obvious that they will secure their own best interests by sustaining the English Bondholders in their efforts for the common good.

I need hardly explain that the foregoing remarks are written wholly in view of our Municipal relations, and accordingly are intended for the perusal of the local rather than the general interest; and if, from the peculiar nature of the subject, they have become more extended than is warranted by the strict conditions of a Report, I think on the other hand they are justified and demanded by the circumstances. I would rather "suffer the imputation of redundancy, than the reproach of insufficiency."

CONDITION AND PROSPECTS OF RAILWAY.

From the interests dependent upon it, I come now to treat directly of the Service, Condition, and Prospects of the Railway itself.

On assuming the management, our first proceeding was to re-organize the Head Office. Subject to such changes as were, in the nature of things, inevitable, our policy was to work the Railway with the *same material* as had served our predecessors, and accordingly no deserving employé has been discharged by us. On the contrary, we have lost no available opportunity of promoting meritorious and efficient men. In two cases of defalcation, and in a very few other

instances of inexcusable misconduct, dismissal has, of course, followed. In new appointments to Station Agencies adequate security is required. The character of our existing staff of employés, I consider excellent.

We early altered the running so as to make Brockville, instead of Almonte, the main Headquarters.

On the 24th May, and with no accession of engine or car power, we commenced to run Two Daily Trains, and successfully maintained the same until the 31st December.

In April, for reasons of economy, we removed the Repair Shops from Perth to Brockville, where we have made the utmost use of extremely limited means. By the purchase and erection, however, of steam power, and by means of adequate machinery, now ordered, this Department will shortly exhibit greatly increased efficiency. A Store Department has been properly established, so that every article, either received or issued, is now accounted for.

In April, we suppressed the stations at Bellamy's and Franktown, finding the "returns" therefrom did not pay the expenses.

By devoting a Train to the Perth Branch Service, and also to the Wood collecting, we effected the latter more economically than by a special "wood train" as heretofore.

We took the earliest opportunity of conferring with the most prominent of our Lumber Shippers, and succeeded in establishing the rule, that all lumber on cars before being shipped by train, must be estimated by a regular table of quantities; the quantity agreed; and a Shipping Bill to that effect signed by owner. We are also entirely relieved from the expense and responsibility of shipping the lumber on vessels at Brockville. Much risk of dispute and loss is thus avoided, and our relations with this most important traffic are placed upon a regulated and understood basis, to the mutual advantage of the Shipper and the Railway Company.

By an agreement made last Spring with the Montreal Telegraph Company, we now possess the advantage of a Telegraph upon our line.

Two first-class locomotives were ordered last June, and would have

been
Work
is now
For
Build
the in
as pos
actual
ducte
entire
cars,
and r
Ow
winte
was e
a mov
On
made
pany,
Railw
A
into,
ments
and it
increa
The
purpo
with t
forwa
of tir
by wh
Railw
can be

been delivered before now, but for the "strike" at the "Lowmoor Works," in England, preventing the arrival of the boiler plate. This is now received, and the Engines will shortly be completed.

For cars of all kinds we are very badly off, but so full of orders are Builders, and so extreme their prices, that we have deemed it rather the interest of this Railway to purchase machinery, and perfect as soon as possible our independence in this important branch. So much is actually needed for repairing, if efficiently and economically conducted, that but few, if any, more appliances would be required for entirely building our cars. As it is, we have built two new freight cars, repaired and painted all our box cars and mail vans, fitted up and repaired our passenger cars, putting in new stoves, &c.

Owing to the vast internal area of our Round House here, the winter consumption of wood to keep Engine and Tank from freezing, was excessive. We have economised this in closing the ventilator by a moveable door, and constructing an *enclosed* stall for engine.

On expiration of the existing arrangement, a fresh agreement was made and executed with the "British and American Express Company," on terms somewhat more favorable than before to this Railway.

A "commission" having been appointed in Quebec to examine into, and regulate the pay for "Postal Services," the necessary statements and claims have been submitted on behalf of this Company, and it is hoped the "nominal allowance" now paid to us will soon be increased to an adequate remuneration.

The five years from May, 1861, granted to this Company, for the purpose of extending its Road towards Pembroke, in connection with the *Land Grant*, expire next year; a Petition, therefore, has been forwarded to the present Parliament, praying for a further extension of time; also for a favorable modification of the clause in said Act, by which it is now provided, that not less than a 20 mile section of Railway must be *completed* before any benefit from the *Land Grant* can be derived.

Lastly, by means of the exceedingly prompt and liberal action of the English Bondholders, every engagement under Extension Account has been duly discharged, and the Railway has, this season, been extended and opened to Arnprior.

Having thus summarized the general administration of this Management during the past year, I have now the pleasure of submitting and commending to your attention, the respective Reports, with statements attached, of Mr. Cooke, Engineer and Superintendent, and of Mr. French, Secretary and Treasurer.

Though perhaps justifiable by common practice, I do not feel at liberty here to introduce the *essence* of these Reports, and thus deprive them of their chief attraction. They are made upon oath. Let those who are interested read them, and from their results realize the *practical* evidence of all I have hereinbefore advanced. The Secretary and Treasurer's Statements are the result of a long and very laborious audit, by one of the most experienced Accountants in Canada, of the old Company's books, which finally have been balanced and closed, and a new set of books regularly opened.

It is intended to follow the practice of all the best managed Railways, by appointing an Auditor, whose duty shall be to audit all accounts at the Head Office, and furthermore, to inspect with sufficient frequency the accounts, &c., of all Station Agents.

In conclusion, and respecting the prospects of the Railway. The trade of the Province has been much injured by the American War; it is likely to be still more so by the repeal of the Reciprocity Treaty, therefore there seems much more cause for despondency than hope as to our traffic increase. Truth requires me to utter my conviction that so long as the Company's Funded Debt continues without such form either of Reduction or Conversion as will bring interest thereon within the *Earning power* of the Railway, so long will the general prospect be blank and hopeless. The Municipalities may be paid, also preferred Bondholders, but the great bulk of subordinate investment cannot bring return. Time will not remedy this evil, because

as it lies in the accumulation of interest, it is only magnified by time. There is no escape save by prompt, clear-sighted, and united action by creditors themselves.

An examination on the one hand of the figures in the Secretary and Treasurer's Statement No 1, and a comparison with those of the Superintendent's Statement A, on the other, will, I think, suffice to convince any one interested that the *ratio of increase* in the *accumulation* of our *yearly interest unpaid*, exceeds *by far* the ratio of increase of our *Earnings*.

As this will not stop *of itself*, the longer it continues, the more heavy and distressing, and finally overwhelming, must the burden become.

Would it not then, be wise for those who have a common interest, to look their position fairly in the face, and amicably unite in an effectual application of that remedy, which may best secure *Prevention*, instead of having finally to meet all the more tedious and costly process of a doubtful cure?

If the above proposition were reversed by ever so little,—if by a mere fraction the ratio of increase of earnings *exceeded* that of interest accumulation, then, with the one condition of good management, we should be safe, for then it would only be a question of more or less time within which the Company would work out its own salvation.

All of which is respectfully submitted.

JOHN G. RICHARDSON.

BROCKVILLE, 20th February, 1865.

Engineer and Superintendent's Report.

To the President and Directors of the Brockville and Ottawa Ry.:

GENTLEMEN—In presenting this, my first annual Report on the Working, Maintenance, and Engineering Business of this Railway, I would, in the first place, respectfully claim the kind indulgence of the Board for any apparent deficiency in the arrangement, or completeness of the various statistics relating to the Traffic Department, as my time was so completely taken up by the numerous working details and superintendence of the Extension between Almonte and Arnprior, all last Summer and Fall, that I really could not devote the attention and care to the working and management of the old portion of the Line I would have wished.

My duties having been of a two-fold character, viz: Those pertaining to the working and maintenance of that portion of the Line already built, and those more strictly professional duties, as Engineer in charge of the Extension Works, — I will therefore, as far as practicable, keep the subjects distinct in this Report, but I may here remark that, from the peculiar circumstances of the case, it is utterly impossible to do so entirely, as even the expenditure, on account of one branch of the business, had, to a certain extent, to “dovetail,” as it were into that of the other. For instance, the want of a sufficient amount of “Rolling Stock” rendered it necessary to change the Engines and Cars back and forwards from Extension to Traffic work (in many cases more than once in the same day) as the exigencies of either service demanded. The ties for extension were got out and

deli
wer
also
Sto
Ho
exp
tha
eve
sim
are

Roa
by

Gro
Wo

Per
pe

exp
out
cla
nev
pay
cla

delivered along the old part of the line, and, as a consequence, they were used by the Section men for repairs as required. The spikes also that were used for repairs this last Summer, were taken from the Stock that had been ordered and paid for out of "Extension" Funds. However, against these advantages to the old Line, we put the extra expense of hauling up all the iron, ties, &c., for the "Extension," so that on the whole, I think the account would be found to be pretty evenly balanced. As I have all the particulars, it will be a very simple matter to strike an exact balance when the Extension Works are completed, if it is deemed worth while to do so.

WORKING AND MAINTENANCE OF OLD LINE.

The first and most important question naturally being, How does the Road pay? &c., I will devote myself to that question first, and will begin by calling your attention to the following:

COMPARATIVE TABLE OF REVENUE AND WORKING EXPENSES.

(Statement A.)

	1860.	1861.	1862.	1863.	1864.
Gross Revenue	\$53,801 10	54,558 04	57,772 84	59,339 09	68,437 12
Working Expenses	34,427 25	36,271 48	38,340 71	44,905 45	44,850 09
Balance	\$19,373 85	18,286 56	19,432 13	14,433 64	23,587 03
Percentage of Expenses to Receipts	64	66	66	75	65½

Out of this balance of \$23,587 03 there have been, however, other expenses to be met, and claims to be satisfied, beside those growing out of the simple working and maintenance of the Line for the year—claims which, though not strictly chargeable to "Operating Expenses," nevertheless have to be paid out of the earnings of the Road. These payments amount to a large sum in the aggregate, and may be classed under three heads, viz:

First. New works of construction and improvement on the Line, and in the Stations and Rolling Stock of the Company, as also new fittings and furnishings generally.

Second. Old debts incurred before the present Management got control of the Line.

Third. Contingencies.

The details of the several sources of Revenue, and particulars of Expenditure, so far as they come within the range of my duties, will be found in the following tables. The payments on account of "Old Debts" and "Contingencies" came more under the province of the Secretary and Treasurer, and will be found fully explained in his Report. (*See Statements No. 6.*)

DETAILS OF GROSS RECEIPTS.

(Statement B.)

Passengers.....		\$26,383 15
Freight, Lumber, Hop Poles, Square Timber, &c.....	\$11,219 40	
Cattle.....	1,453 80	
Grain and Flour.....	1,978 11	
Pork.....	362 80	
General Merchandise.....	19,379 30	
	<hr/>	
	34,393 41	\$34,393 41
Wood sold (chiefly to steamers).....		3,187 32
Wharfage and Storage.....		601 87
Mails and Express.....		2,316 99
Discount on Silver Interest.....		439 82
Rents and Sundries.....		<hr/> 1,114 56
Total Gross Revenue for the year.....		\$68,437 12

NU

Ge
Ag
En
Ma
Me
Ma
Sta
W
O
Ta
La
Ov
Ca
In

NUMBER OF PASSENGERS AND WEIGHT OF FREIGHT
CARRIED, 1864.

(Statement C.)

Number of Passengers going South.....	17,341
“ “ North.....	16,853

Total,	34,194
--------	--------

Total distance traveled by same.....	913,221 miles.
--------------------------------------	----------------

Average distance traveled by each.....	26 4 “
--	--------

Number of tons of Freight going South....	18,016
---	--------

“ “ North....	8,304
---------------	-------

Total,	26,320
--------	--------

Total tons carried one mile.....	1,056,533
----------------------------------	-----------

Average distance each ton was carried...	40 Miles.
--	-----------

WORKING EXPENSES, 1864.

(Statement D.)

General Superintendence, Directors' Allowances, &c.....	\$4,544 11
Agents, Porters and Extra Help.....	6,980 65
Engine Drivers, Firemen, Conductors and Brakemen....	6,149 90
Maintenance of Way, Bridges and Buildings.....	10,422 74
Mechanics' Wages and Repairs to Engines and Cars....	3,701 80
Material and Stores for Shops.....	2,370 89
Stationery, Printing, Advertising and Office Expenses...	2,353 64
Wood and Expenses, (including what was sold).....	4,324 30
Oil and Waste.....	1,194 17
Taxes and Insurance.....	955 69
Law Expenses and Cattle Claims.....	275 00
Over Charges and Losses.....	599 77
Car Hire, G. T. R.....	452 00
Incidental Expenses.....	525 43

Total Working Expenses,	44,850 09
-------------------------	-----------

EXPENDITURE FOR NEW WORKS OF IMPROVEMENT,
&c., 1864.

(Statement E.)

Extra Expenses in Shops, fitting up new Stall for Engine, removing Wood Shed, changing two Platform Cars into Box Cars, &c., &c.....	\$1092 35
New Siding and Platform at S. Falls, (Labor).....	215 00
New Retaining Wall at North end of Tunnel.....	126 00
Fire Proof Safes for Stations.....	549 44
Total Expenditure, (Construction Account),	\$1982 79

GENERAL ABSTRACT.

(Statement F.)

Total Gross Revenue for the year 1864.....	\$68,437 12
Working Expenses.....	\$44,850 09
Construction Expenses.....	1,982 79
	<u>46,832 88</u>
Balance accounted for by Treasurer, as per his Statement No. 7.....	21,604 24

In concluding this part of my Report, on what may be called the "Commercial aspect" of the concern, I would wish to add a few words, explaining my views and policy as regards the future "paying prospects" of this Railway.

I have felt from my first connection with the Brockville and Ottawa Railway, that the *only hope* of its ever becoming a paying concern, lay in the extension of the Line, so as to secure, if not the whole, at least a large proportion of the Upper Ottawa business, and now after nearly a year's experience of the present business and capabilities of the Road, I must say I am fully confirmed in that opinion.

Were the Line never extended beyond Almonte, I am confident the gross earnings would not (at least for years to come) much exceed

\$6
\$4
cie
W
the
rec
mu
cla
eas
tov
hav
Ar
wh
anc
obj
be
fin
enr
fee
to
cor
De
on
wit
get
stai
ma
car

ENT,
 2 35
 5 00
 6 00
 9 44
 2 79

12

88

24

the
 few
 ing

nd
 ng
 he
 nd
 nd
 at

ie
 d

\$60,000 or \$70,000, while the Working Expenses would vary from \$40,000 to \$50,000; or, in other words, there might be, under judicious management, a surplus of some \$20,000 per annum over *mere Working Expenses*. Out of this surplus would have to be paid, in the first instance, the cost of the many new works and *renewals* always required on even a *well finished* and *well equipped* Railway (how much more so on this?) and any one at all acquainted with the claims of the Municipalities and Bondholders on this Railway can easily imagine how far the small balance of this surplus would go towards satisfying them. Believing this my chief aim, exertions have been directed, in the first place, to push on the extension to Arnprior, and in the second to lay a foundation for a future Business, when we got there, by advertizing freely in the Quebec, Montreal, and Upper Ottawa papers. That we have succeeded in the first object is well known to many members of the Board, but it may not be equally well known that such success is mainly due to the prompt financial arrangements made by Mr. Richardson, whereby we were enabled to pay our way regularly every month, and so establish a feeling of confidence, without which it would have been impossible to push on the work in the manner it has been done.

The Line is now open and in working order, though not yet fully completed, to Arnprior, but as the time since we opened there (7th Dec.) is so very short, it would, of course, be premature to calculate on any great increase of business just yet.

LOCOMOTIVE AND CAR DEPARTMENT.

The Trains have, with one or two unimportant exceptions, been run with regularity for the last year, the Engines having been found generally in very good order and fully up to their work, notwithstanding the great difficulty we labor under in being compelled to make one Engine do as much work as should be done by two. Our cars also, though showing considerable signs of wear and tear from

constant use, are in very fair working order. The following Table exhibits the work performed by, and expenses connected with, each Engine:—

(Statement G.)

	No. 1.	No. 2.	No. 3.	No. 4.	Totals.
Miles run by Engines	31,333	16,775	17,607	30,236	95,951
Cars hauled 1 Mile	144,399	108,695	64,609	160,843	478,546
Wages of Drivers and Firemen	\$1,010 45	\$764 46	\$768 24	\$1,036 95	\$3,580 10
Wood (cords)	⁶²⁶ 1,252 00	⁴⁶⁴ 928 00	³⁹⁴ 608 00	⁶¹² 1,224 00	4,012 00
Oil (gallons)	¹²⁵ 102 00	¹¹⁴ 85 50	⁷¹ 53 25	¹⁴⁰ 105 00	345 75
Waste (lbs.)	¹⁷⁹ 35 80	¹⁵⁵ 31 00	¹⁴⁷ 29 40	¹⁸⁷ 37 40	138 60
Hemp "	¹⁵ 3 00	¹⁴ 2 80	¹⁴ 2 80	¹⁵ 3 00	11 60
Tallow "	⁶³ 5 67	⁶⁴ 5 86	⁶⁵ 4 95	⁶⁹ 6 21	22 69
India R. Packing	² 2 00	^{13.4} 1 75	^{13.4} 1 75		5 50
Repairs in Shop	430 00	376 00	174 00	252 00	1,232 00
Outside Repairs	166 46	35 25	36 50	25 30	263 51
Total Expenses	\$3,007 38	\$2,230 62	\$1,678 89	\$2,689 86	\$9,606 75

	No. 1. <i>ct.</i>	No. 2. <i>ct.</i>	No. 3. <i>ct.</i>	No. 4. <i>ct.</i>	Average. <i>ct.</i>
Expenses per mile run	\$9.50	\$13.25	\$9.50	\$8.99	\$10.81
" Car hauled	2 08	2 05	2 60	1 05	1.945
Miles run per cord of wood	Miles. 50,95	Miles. 36,15	Miles. 57,92	Miles. 49,40	Miles. 48,38

MAINTENANCE OF WAY, AND WORKS, AND BUILDINGS.

During the past year a good deal of Repairs have been done to the permanent way. No less than ^{3,400} old Ties have been removed and replaced by new ones. Ditches and water courses have been opened, &c., &c., and I may state that for the season of the year, the entire track is at the present moment in very good order, and will

compare favorably with any other Line in Canada. That portion between Almonte and Carlton Place, however, still requires some ballast before it can be got into proper shape.

The Bridges have all been carefully examined and found to be in pretty good order, though requiring some slight repairs and strengthening next summer; this remark applies more particularly to the Bridge over the Rideau Canal at Smith's Falls, which appears to have been originally of rather slight proportions, and consequently requires more attention now. Some of the open stone culverts on the Perth Branch will also require some repairs next season.

The several Station Buildings have all been repaired and cleaned this last summer, and, in many instances, considerable alterations and improvements have been made in the internal arrangements. The Montreal Telegraph Company having, in accordance with their agreement, extended their wires along this Railway to Perth and Arnprior, I have on our part done what was necessary to fit up our offices for the dispatch of public business, and I am glad to be enabled to state that our Agents, or some individual of their family, have in most cases made rapid progress in the art of Telegraphing.

ACCIDENTS.

We have had two "runs off" this last year: one at Smith's Falls on the morning of the 17th March, and the other at Pakenham on the evening of the 24th December. The former was caused by a broken Switch Rail, and the latter by a Switch being turned wrong. At Smith's Falls the Engine and four Platform Cars were thrown off the track, but no damage worth speaking of occurred. The trains however were delayed some four or five hours before we could get the line clear. In this case I found that both the Track Inspector and Section Foreman, (the latter quite a young lad, and a son of the former) were for a long time previously aware of the flaw in this

Rail, and nevertheless neglected to replace it by a good one, I therefore considered it my duty to discharge them both.

At Pakenham the Engine Tender and one Platform Car only, were off the Track, but in consequence of the ground being frozen and very uneven, much more damage was done than at Smith's Falls. The accident occurred to the Train going North at about 8 P. M. and as there seemed no chance of being able to get the Engine on the Track again without assistance; the Conductor very properly forwarded the Mails and Passengers on to Arnprior, (8 miles) by sleighs. The Engine and Cars were put on the Track the next day (Sunday 25th December) and the Trains ran as usual on Monday morning. In this case the accident was caused (as I mentioned before) by the Switch being turned wrong, but whether unintentionally or by design I could not ascertain. It however had the effect of confirming the opinion previously entertained, viz: that it was rather a risky business to run a Train over an unfinished Road in the night, and consequently that as the amount of business during the winter months, did not pay us for running *two Trains per day* to Arnprior, as we found after a month's trial, it would be best to discontinue the one that ran over the New Line in the dark. This has accordingly been done.

I cannot conclude without expressing the pleasure it gives me to be enabled to report that so far, I have, with one or two exceptions, every reason to be satisfied with the general conduct, attention to their duties, and zeal for the Company's interests, evinced by the employees of this Road.

I remain gentlemen,

Your obedient servant,

R. P. COOKE.

CHARACTERISTICS OF THE RAILWAY.

The Brockville and Ottawa Railway Company's Charter grants the right to build a Railway from the *Town of Brockville on the St. Lawrence* to the *Village of Pembroke on the Ottawa*, with a Branch Line from Smith's Falls (where it intersects the Rideau Canal) to the Town of Perth. The distance from Brockville to Pembroke is, in round numbers, 130 Miles, and from Smith's Falls to Perth 12; thus the entire length of the Road, when completed, would be 142 Miles. At present (31st Dec. 1864) the main line is only open from Brockville to Arnprior, a village at the confluence of the Madawaska and Ottawa Rivers, about 40 Miles above the City of Ottawa. The Branch Line from Smith's Falls to Perth is also open.

Total length of Line and Sidings.....	84.7 miles.
Average width of Cuttings at sub-grade.....	22 feet.
Do. Do. Embankments Do.	18 "
Number of Ties used per Mile.....	2200
Weight of iron per lineal yard.....	75 and 58 lbs.
Miles of Track ballasted.....	74.5 miles.
Average amount of Ballast per Mile on portion ballasted.....	2500 cub. yds.
STATION ACCOMMODATIONS: Engine Sheds.....	4 Stalls 14.
Turntables.....	5
Passenger and Freight Stations.....	10
Woodsheds.....	8
Tank Houses.....	8
ROLLING STOCK: Engines.....	4
Passenger Cars.....	5
Baggage.....	2
Box.....	7
Platform.....	70

I, Richard P. Cooke, Engineer and Superintendent of the Brockville and Ottawa Railway Company, do solemnly swear that the foregoing statements have been made from the best sources of information at my disposal, and that the several matters therein set forth are correct and true, to the best of my knowledge, information, and belief—
So help me God.

R. P. COOKE.

Sworn and subscribed to before me this Twentieth Day
of February, One Thousand Eight Hundred and Sixty
Five.

JOHN McMULLEN, J. P.

V
of th
to A
T
we v
near
large
at ex
deliv
pelle
June
river
as ca
work
and,
very
pered
&c., p
and i
for th
In
wet S
broke

EXTENSION WORKS.

WE have had many difficulties to contend with in the carrying on of the works connected with the extension of the Line from Almonte to Arnprior this last summer.

The season was so far advanced (about the middle of March) when we were in a position to begin our arrangements that it was found nearly impossible to get any responsible person to contract for the large quantity of timber required for Bridge Superstructures, unless at exorbitant rates, and even then, they would not *guarantee* the delivery of it within the specified time, consequently we were compelled to wait for a large portion of the stuff till near the middle of June, when the lumberers were "driving" their timber down the rivers, and purchase from them, selecting as we best could such sticks as came nearest in size to those required. The Ties for the new work were all delivered on the old line, mostly about Smith's Falls, and, of course, had to be brought up from behind the Tracklayers, a very tedious and expensive operation. We were very much hampered by the want of any thing like a sufficiency of locomotive power, &c., platform cars for the distribution of Ties, Iron, Ballast, &c., &c. ; and it was out of my power to remedy it, forced as I was to provide for the ordinary traffic of the Old Line at the same time.

In addition to these drawbacks, we have had a most exceptionally wet Spring and Fall, so that there was great delay and loss from broken time, &c., &c.

Taking all these circumstances into account, and, at the same time, remembering that so late as the middle of last March we were without tools, materials, mechanics, foremen, or organization of any kind suitable for carrying on such a work, I think we have every reason to be satisfied with our success in being able to open the Line for public traffic to Arnprior by the 7th of December, 1864.

(Statement H.)

The Expenditure during the Year 1864 is as follows :—

Grading and Ditching, &c., &c.....	\$14,962 53
Bridges.....	24,452 47
Tracklaying, Ballasting, and Fencing.....	8,077 74
Station Works and Buildings.....	2,390 94
Rails, Chairs, Spikes, Ties, &c., &c.....	45,985 89
Tools, Machinery, Shops, &c., &c.....	1,354 49
Right of Way and Land Damages.....	4,053 00
General Management, Law, and Miscellaneous Ex- penses, Engineering and Superintendence.....	7,770 80
Total Outlay so far.....	\$109,047 86
Cash and Value received.....	111,057 16
To Balance.....	\$2,009 30

For this expenditure I may, without going too much into detail, state, in general terms, what has been done.

THE GRADING is all complete between Almonte and Madawaska Bridges, with the exception of some 3,000 cubic yards at Pakenham Station and Embankment, and about the same quantity required at Madawaska Bridge. The Cuttings are all taken out to a proper width and slope, and the Embankments are "well built and up to grade" with the single exception of that at Pakenham. This Bank, though built very full in the first instance, still, being composed

of a
cont
sinc
exp
A
Alm
5 of
Sup
"ov
The
The
emb
new
old
pain
ber
whil
P
Vill
givi
Alm
"ov
on
Lam
don
new
TL
and
to b
A
river
Line
feet

of a very friable clay, and not having had time to become properly consolidated before the track was laid over it, has settled very much since we opened the Line, so that I anticipate some little trouble and expense there in the Spring.

ALMONTE BRIDGE.—This Bridge crosses the Mississippi River at Almonte, and consists of 12 spans or openings, viz: 1 of 60, 3 of 29, 5 of 28, and 3 of 26 feet, giving an aggregate opening of 365 feet. The Superstructure rests on stone piers and abutments, and is 420 feet long "over all." The sixty foot span is a "Laminated Arched Truss." The other spans being on the simple Brace and Beam principle. The work done last season, in addition to the entire superstructure, embraced a considerable amount of masonry—say 120 cubic yards of new work, besides underpinning, pointing, and general repairs to the old work. The entire work is now complete, with the exception of painting, a work I thought better to postpone till Spring, as the timber being green would season better by being left unpainted for a while.

PAKENHAM BRIDGE.—This Bridge crosses the same river at the Village of Pakenham; it consists of 2 spans of 120 and 2 of 30 feet, giving an aggregate opening of 300 feet. The Superstructure, as at Almonte, rests on stone piers and abutments, and is 337 feet long "over all." The two large Spans are framed Trusses, built somewhat on the "Burr" principle, and strengthened by an "Auxiliary Laminated Arch" inserted between the Posts and Braces. The work done at this Bridge during last summer included 330 cubic yards of new Masonry, as well as the entire Superstructure.

The entire work is now complete with the exception of side casing and painting, and I am glad to be enabled to state that it has proved to be remarkably rigid and solid.

ARNPRIOR BRIDGE.—This Bridge, intended to cross the Madawaska river at Arnprior, will be by far the most important structure on the Line, consisting of 2 spans of 150 feet each, and 2 stone arches of 36 feet each. We have this last season completed over 596 cubic yards of

masonry and are now engaged at the Truss frames, which I intend to build on the same principle as that at Pakenham. The cribwork pier in the center of the river was carefully examined before I determined on trusting to it for the support of the Superstructure, when finding it in all *essential particulars* as firm and sound as when first sunk I considered it could be made perfectly safe, and would in all probability last much longer than the superstructure of the Bridge itself. It has accordingly been strengthened and raised to the proper level and I am now perfectly satisfied of its sufficiency. While on the subject of the Madawaska Bridge I cannot avoid expressing my surprise and regret that a different "*crossing point*" had not been selected, as I am quite certain that a much better crossing both as regards economy in the primary construction and durability in the after maintenance of the Line, could have been obtained within a short distance, either above or below the present location.

STATION BUILDINGS.—At "*Sneddens*" we have put up a good substantial platform and covered waiting room, 12 × 20 feet, which I think will be found fully sufficient accommodation for the amount of business we are likely to get there.

At *Pakenham* we have built a Passenger and Freight shed combined with a dwelling for the Agent—as also a wood shed and Tank house. These Buildings are all substantially built and well finished, and have been found very comfortable by the Agent, and convenient for the business of the line.

At *Arnprior* we have as yet put up only temporary buildings, consisting of a Passenger and Freight shed combined, Engine house and Turntable. These though very rough and unfinished, have nevertheless been found to answer the purpose they were intended for, very well; and will be quite ample for all our wants, until the permanent buildings can be completed on the regular station ground.

The Ballasting is, of course, only partly completed as yet, but where it is done, I have endeavored to make it *full and ample*, more particularly in the wet cuttings. This want of Ballast does not

sign
Spr
and
T
they
with
I
paid
ever
that
men
the
acco
\$19
ditic
acco
I

signify much during the winter, while the ground is frozen, but in Spring, when the frost is "going out" we must be prepared for a wet and rough track, at least for a while.

THE LAND CLAIMS are not as yet all arranged for, but so far as they have been, the prices given will, I think, compare favorably with the amounts previously paid on this Line.

In conclusion I would merely add, that judging from the prices paid for right of way, and the cost of the work done, this season, even under the many disadvantages already mentioned, I am satisfied that we can complete the Line to Sand Point, for a sum within that mentioned in my original estimate—in other words I believe, that *the entire cost of the work, including Land claims, Iron, Spike, Station accommodation, Engineering, Management, &c., &c.*, will not exceed \$195,000, thereby leaving some \$100,000 towards procuring additional Rolling Stock and making improvements to the wharfage accommodation at Brockville.

I remain gentlemen,

Your obedient servant,

R. P. COOKE.

REPORT
OF
The Secretary and Treasurer

At 1st January, 1865.

To the President and Directors of the Brockville and Ottawa R'y Co.

GENTLEMEN: I have the honor to submit herewith statements of accounts numbered respectively from 1 to 8, showing the position of the Company's affairs at this date in so far as it becomes my duty as Secretary and Treasurer to place such information before you.

Statement No. 1 is a summary of the "assets and liabilities" of the Company and from it you will learn the rather unsatisfactory fact that a sum of \$271,359 47 now stands at the debit of the account of "profit and loss." This amount has been mainly produced by writing off several sums which heretofore appeared in the books as apparent assets and liabilities, and which should have been sooner transferred to this account. The particulars of the sums now charged and credited to it will be found in statement No. 2. But as in the statement (No. 2) a debit entry appears for the large sum of \$299,078 80, brought from interest account,—I have given the items of which it is composed in a separate statement, No. 3.

Although the Preferential Extension Bonds issued under the Act of Reorganization, and the new works upon which the proceeds of

them have been expended form no inconsiderable portion of the assets and liabilities of the Company, and might be included in statement No. 1, yet I have thought it more desirable to continue the system at first adopted, and keep the Extension Account quite distinct from all the others until such time as it is finally closed by the entire issue of the new Bonds. The particulars of it however, as it now stands, are given in statement No. 4.

Statement No. 5 shows the actual cash receipts and expenditure for the year.

By it you will perceive that the net receipts together with the cash on hand at 1st January, 1864, amounted to.....\$70,239 53
and that the operating and other expenses reached..... 66,906 95
leaving cash on hand at date..... \$3,332 58

It will be evident therefore that had the expenditure been confined to the actual cost of working the Road as shown in this statement, No. 5—the cash balance now on hand would amount to the much more respectable sum of \$25,389 44. But as unfortunately the sum of \$14,950 68 had to be taken from it, and applied to the discharge of old debts, and the sum of \$7,106 18 had to be expended in the construction of new works forming no part of the operating expenses, the balance is reduced to that appearing in the statement, viz: \$3,332 58.

This *extra* expenditure then—if I may so apply the term—forming so large an item in the disbursements, I have thought it but right to furnish full details of, which will be found in statement No. 6.

Statement No. 7 contains an “Abstract of Receipts,” but as it is more intended as a kind of mutual check between the Superintendent’s statements and mine, than for any other purpose, it requires no comment here.

Statement No. 8 being simply a comparison between the earnings and expenditure of former years, will fully explain itself; and as

regards the year 1864, I think the results it exhibits must be deemed satisfactory.

Trusting that nothing may be found wanting in these Statements to enable you entirely to understand the exact position of the Company's affairs; and assuring you of my own earnest desire to promote its interests by every means within my power.

I have the honor to be, gentlemen, your obedient servant,

T. P. FRENCH,

Secretary and Treasurer.

BROCKVILLE, 1st January, 1865.

No. 1.

GENERAL STATEMENT OF THE ASSETS AND LIABILITIES
OF THE BROCKVILLE AND OTTAWA RAILWAY CO.

AT 31ST DECEMBER, 1864.

LIABILITIES.

To Municipalities, Loan.....		\$1,365,201 46	
“ Sundry Open Accounts, viz :			
To be paid in Cash.....	\$4,394 39		
To be paid in Bonds.....	134,927 66		
			139,322 05
“ Company’s Ordinary Bonds, viz :			
Issued <i>previous</i> to the Act of Reorganization.....	\$711,019 97		
Issued <i>since</i> , in discharge of Sundry claims.....	201,311 89		
			912,331 86
“ Paid up Stock, viz :			
Amount paid in Cash.....	\$11,902 12		
Do. issued in payment of Contracts.....	195,552 17		
			207,454 29
“ Bills payable.....			765 90
“ Interest.....			26,049 32
			<u>\$2,651,124 88</u>

The above do not include the overdue interest upon Bonds and Interest bearing Stock, and which will probably amount to \$150,000

No. 1.

GENERAL STATEMENT OF THE ASSETS AND LIABILITIES
OF THE BROCKVILLE AND OTTAWA RAILWAY CO.

AT 31ST DECEMBER, 1864.

ASSETS.

By Cost of Road, Stations, and Rolling Stock.....	\$2,359,562 08
“ Sundry Open Accounts.....	7,953 02
“ Cash due from Company's Stations.....	5,274 70
“ Wood and other Stores on hand.....	3,643 03
“ Cash on hand.....	3,332 58
	<hr/>
	\$2,379,765 41

“ Balance to Debit of Profit and Loss, per State- ment No. 2.....	271,359 47
	<hr/>
	\$2,651,124 88

T. P. FRENCH,
Secretary and Treasurer.

Dr.

No. 2.

PARTICULARS OF AMOUNT CHARGED TO ACCOUNT OF
PROFIT AND LOSSAT 31ST DECEMBER, 1864, AS PER GENERAL STATEMENT OF ASSETS
AND LIABILITIES, No. 1.

Sundry Small Balances transferred.....		\$306 26
Discount on Ordinary Bonds sold below Par.....		35,770 73
Do. Stock Do		16,501 65
Interest on Company's Bonds, balance transferred, viz :		
“ Coupons redeemed and credited to Phelps & Co's. Account.....	\$2,029 40	
“ Coupons redeemed and paid to H. Chapman by the Issue of New Bonds.....	2,433 33	
“ Coupons redeemed and credited to J. M. Lawders	5,080 80	
“ Coupons redeemed and credited to John Boyd....	10,220 00	
“ Coupons redeemed and credited to W. C. Evans...	1,941 80	
	<u>\$21,705 33</u>	
Less at Credit of Account apparently over-credited.....	82 73	
		<u>21,622 60</u>
Law Expenses.....		4,370 69
Rent Account, balance transferred.....		150 00
Dale and Company's Account, balance of this Account worthless and transferred.....		23,472 65
Expense Account (charges), balance transferred....		2,180 17
Interest Account per Statement No. 3.....		299,078 80
		<u>\$403,453 33</u>

No. 2

*Cr.*PARTICULARS OF AMOUNT CHARGED TO ACCOUNT OF
PROFIT AND LOSS.AT 31st DECEMBER, 1864 AS PER GENERAL STATEMENT OF ASSETS
AND LIABILITIES, No. 1.

Sundry Small Balances transferred.....	542 99
Phelps & Co., being the difference between the amount for which they took 5 Bonds and par, value of same as charged to Bond Account.....	66 67
1 Bond given up by W. C. Evans for a pass for 20 years.....	486 67
Profit and Loss, balance of this Account per Old Ledger.....	562 77
Earnings, balance of this Account per Old Ledger A	30,138 11
Revenue Account, balance of this Account trans- ferred.....	100,296 65
Balance of this Account per Statement No. 1.....	271,359 47
	<hr/>
	\$403,453 33

T. P. FRENCH,
Secretary and Treasurer.

No. 3.

PARTICULARS OF INTEREST CARRIED TO ACCOUNT OF
PROFIT AND LOSS.

On Sundry Open Accounts: credited to them 1st January, 1864.....	\$15,496	16
Town of Brockville Loan: originally charged in error to this account instead of to interest account.....	26,391	80
Town of Brockville Interest, balance of this account transferred	29,608	20
Township of Elizabethtown Interest, “	9,320	00
Lanark and Renfrew Interest, “	20,341	81
Company's Bonds: charged in error to this account instead of to Interest Account.....	12,789	22
Sundry Parties: for interest on accounts now discharged on judgments and for coupons on Bonds and Stock, now paid under act of reorganization.....	138,197	63
Lanark and Renfrew: amounts paid by them to Government under the 5 cents on the \$1 act, viz:		
December, 1859.....	\$13,067	25
“ 1860.....	13,701	55
“ 1861.....	13,978	70
	<u> </u>	
	\$40,747	50
Less amount retained by them, and charged in 1858.....	10,000	00
	<u> </u>	
	30,747	50
Sykes & Co.: Interest due on judgment to Dec. 31, 1864,	12,203	43
Richard F. Steele: Interest on judgment obtained by him for over due coupons on Bonds and Stock.....	5,162	59
	<u> </u>	
Carried to next page,	\$300,258	34

	Brought up, \$300,258 34
Less Interest charged to sundry parties.....	1,179 54
Carried to Debit of Profit and Loss, per Statement	<hr/>
No. 2,.....	\$299,078 80

T. P. FRENCH,

Secretary and Treasurer.

No. 4.

EXTENSION ACCOUNT.

To Preferential Extension Bonds Issued.....	\$109,987 27
To Balance due on advances on account of Preferential Extension Bonds to be issued.....	471 70
To sum at credit of Extension account being proportion of charges on Rails refunded from Revenue Account	4,371 00
	<hr/>
	\$114,829 97
	<hr/>

In the above is not included the sum of \$851 84 being the half year's interest due at date upon £5,000 sterling of Bonds issued 1st July last, but the Coupons for which have not yet been presented for payment.

T. P. FRENCH,

Secretary and Treasurer.

No. 4.

EXTENSION ACCOUNT.

By sum to be accounted for by Superintendent as per his statement "H".....	\$111,057 16
By profit and loss: being for Stamps and discounts on Drafts.....	1,294 29
By interest: paid on advances made, prior to issue of Bonds.....	2,478 52
	<hr/>
	\$114,829 97
	<hr/>

No. 5.

STATEMENT OF RECEIPTS AND EXPENDITURE.
FOR THE YEAR 1864.

RECEIPTS.

Total Receipts for the year as per Cash Book..... \$81,515 63

Deduct the following viz:

Back Charges on Freight paid to other

Roads, Boats, &c., per contra.... \$13,050 95

Profit and Loss incorrectly debited to

Cash..... 19 52

Over-charges on Taxes, per contra.... 5 44

do. Kelly's acc't, per contra 2 60

13,078 51

Actual Net Receipts, \$68,437 12

Derived from the following sources, viz:

From Freight..... \$34,393 41

" Passengers..... 26,383 15

" Mails..... 1,968 23

" Express..... 348 76

" Wharfage and Storage..... 601 87

" Wood Sold..... 3,187 32

" Discounts and Interest..... 439 82

" Rents. 92 06

" Sundries..... 1,022 50

\$68,437 12

Cash on hand at 1st January 1864..... 1,802 41

\$70,239 53

T. P. FRENCH,

Sec. and Treas.

B. & O. R.

No. 5.

STATEMENT OF RECEIPTS AND EXPENDITURE.

FOR THE YEAR 1864.

EXPENDITURE.

Total Disbursements as per Cash Book..... \$79,985 46

Deduct the following viz:

Back charges on Freight paid to other

Roads, Boats, &c., per contra.... \$13,050 95

Over-charged on Taxes paid, per contra 5 44

Profit and Loss, per contra..... 19 52

Over-charged on Kelly's acc't, per contra 2 60

13,078 51

Actual Net Disbursements, \$66,906 95

Classified as follows viz:

Operating Expenses as particularized in
the Statement of Superintendent

"D"..... \$44,850 09

Sundry other payments not properly
chargeable to *operating* expenses of
this year as specified in Statement

No. 6 hereto appended..... 22,056 86

\$66,906 95

Cash on hand at date, 3,332 58

\$70,239 53

Net Receipts.....\$68,437 12

Net Expenditure..... 66,906 95

Net Earnings \$1,530 17

T. P. FRENCH,

Secretary and Treasurer.

(No. 6.)

PARTICULARS OF PAYMENTS MADE FROM REVENUE
ACCOUNT OF 1864,
AND NOT PROPERLY CHARGEABLE TO OPERATING EXPENSES OF THIS
YEAR,

DEBTS INCURRED IN FORMER YEARS.	
Balance due for Engine Mississippi....	\$657 48
“ “ Right of Way.....	1,900 00
Balance due to Alfred Brown.....	1,242 09
“ “ Seeley, for Wood Sawing	250 00
“ “ Messrs. Steele and Wethey, Law Expenses.....	401 73
Proportion of Charges on Rails laid be- tween Brockville and Almonte, and for which A. Simpson held the Company's Note, due 23rd May, 1864, secured by a lien on the iron, which could not be removed until said Note was paid.....	4,371 00
Directors, for attendance in 1863.....	99 35
Expense connected with attempt to form New Company in England in 1862, being Cash disbursements.....	2,694 05
Paid Lanark & Renfrew Account Interest	2,716 50
“ Hon. George Crawford, for Station repairs.....	67 27
Per centage allowed W. Schofield upon Wharfage and Storage Receipts at Brockville, in 1863.....	135 28
Sundry incidental disbursements.....	415 93
Total of Old Debts paid this Year	<i>Carefree</i> \$14,950 68

PAYMENTS FOR THIS YEAR.

Paid to Messrs. Hervey, Brooks, and Watson, in lieu of notice when leaving Company's service.....	\$1,200 00	
Track Repairs.....	216 00	
New Cars and Shop Fittings and lumber for same.....	1,217 35	
Nine Iron Safes for Stations.....	549 44	
Incidental disbursements.....	3,923 39	
	<hr/>	7,106 18
Per Statement No. 5.....	<i>Total</i>	<hr/> \$22,056 86

T. P. FRENCH,

Secretary and Treasurer.

No. 7.

ABSTRACT OF RECEIPTS REFERRED TO IN SUPERINTENDENT'S STATEMENT "F."

Net Receipts per Statement No. 5.....	\$68,437 12
<i>Deduct</i> the following viz:	
Operating expenses per Superintendent's Statement "D."....	\$44,850 09
Expenditure upon New Works per Superintendent's Statement "E."..	1,982 79
	<u>46,832 88</u>
	\$21,604 24
Old debts paid per Statement No. 6.....	\$14,950 68
Paid Messrs. Hervey, Brooks & Watson, per Statement No. 6.....	1,200 00
Incidental Disbursements per Statement 6..	3,923 39
Net Earnings per Statement 5.....	1,530 17
	<u>21,604 24</u>

T. P. FRENCH,
Secretary and Treasurer.

COMPARATIVE STATEMENT OF RECEIPTS AND EXPENDITURES FOR THE LAST FIVE YEARS.

RECEIPTS.

In 1860,	\$53,801 10		
In 1861,	54,558 04		
	<u> </u>	\$756 94	Increase in 1861
In 1861,	54,558 04		
In 1862,	57,772 84		
	<u> </u>	3214 80	Increase in 1862
In 1862,	57,772 84		
In 1863,	59,339 09		
	<u> </u>	1566 25	Increase in 1863
In 1863,	59,339 09		
In 1864,	68,437 12		
	<u> </u>	9098 03	Increase in 1864

EXPENDITURES.

In 1860,	\$55,953 36		
In 1861,	50,654 91		
	<u> </u>	\$5298 45	Decrease in 1861
In 1861,	50,654 91		
In 1862,	57,310 47		
	<u> </u>	6655 56	Increase in 1862
In 1862,	57,310 47		
In 1863,	64,938 47		
	<u> </u>	7628 00	Increase in 1863
In 1863,	64,938 47		
In 1864,	66,906 95		
	<u> </u>	1968 48	Increase in 1864

T. P. FRENCH,

Secretary and Treasurer.

I, THOMAS PATRICK FRENCH, Secretary and Treasurer of the Brockville and Ottawa Railway Company, do solemnly swear that the foregoing Statements of Accounts, numbered respectively from 1 to 8, both inclusive, have been made from the best sources of information at my disposal, and that the several matters therein set forth are correct and true to the best of my knowledge, information and belief. So help me God.

T. P. FRENCH.

Sworn to and subscribed before
me at Brockville, this 20th
day of February, A. D. 1865.

JOHN McMULLEN, J. P.

