

FIRST ANNUAL
REPORT

The Canadian Northern
Railway Company.

TORONTO,
September, 1903.

(RECAP)

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UNIVERSITY

CANADIAN NORTH B.C. CO. LTD.
GENERAL OFFICERS.

First Board of Directors of the Company

Mr. WILLIAM MACKENZIE *President.*

„ D. D. MANN - - - - . *Vice-President.*

„ D. B. HANNA - - - - . *Third Vice-President.*

„ Z. A. LASH, K.C. - - - - . *Chief Solicitor.*

„ A. W. MACKENZIE - - - - . *Treasurer.*

„ J. M. SMITH - - - - . *Secretary.*

London (England) Offices.

BOND COURT, WALBROOK, LONDON, E.C.

Mr. H. MALCOLM HUBBARD - - - - . *Local Secretary.*

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CANADIAN NORTHERN RAILWAY CO.

First Annual Report of the Directors

To be submitted to the Shareholders of the Company, at the Annual General Meeting, to be held at the Company's Offices in Toronto, on Thursday, the 17th day of September, 1903, at 12 o'clock noon.

THE Directors in presenting this, their First Annual Report for the fiscal year ended 30th June, 1903, regard the rapid expansion of the Company's business during the past year, and the assured prospects of increased revenue for the current year, with great satisfaction, and they beg to congratulate the proprietors on this very prosperous condition of affairs.

The result of the Company's operations for the fiscal year ended 30th June, 1903, are as follows:—

GROSS EARNINGS.	\$
From Passengers	389,170.94
From Freight	1,896,378.87
From Express, Mail and Miscellaneous	164,029.52
	<hr/> \$2,449,579.33
OPERATING EXPENSES. (64.88 per cent. of Gross Earnings)	
	1,589,293.47
	Net Earnings 860,285.86
DEDUCT:—	
Interest on Bonds and Rental Leased Lines	637,364.50
	<hr/> \$222,921.36

MILES OF RAILWAY.

The total number of miles of Railroad owned and operated, including leased lines, at the close of the fiscal year was 1,276·4 miles, made up as follows:—

MAIN LINE.

Port Arthur to Winnipeg	438·6	
Winnipeg to Grandview	207·3	
		645·9

BRANCHES.

Stanley Jct. to Gunflint	66·9	
Emerson Br. Portage Jct. to International Boundary ...	62·7	
Brandon Br. Morris to Brandon ...	145·3	
Hartney Br. Hartney Jct. to Hartney	50·8	
Carman Br. Carman Jct. to Carman ...	43·7	
Delta Br. Delta Jct. to Delta ...	14·8	
Neepawa Br. Neepawa Jct. to Neepawa	33·2	
Erwood Br.		
Prince Albert Br. Gilbert Plains Jct. to Erwood	190·7	
Winnipegosis Br. Sifton Jct. to Winnipegosis	21·2	
Winnipeg Transfer Tracks	1·2	
		630·5
	Miles	<u>1,276·4</u>

LOCATED AS FOLLOWS: -

Province of Ontario	353·7	
„ „ Manitoba	856·8	
North-West Territories	22·2	
State of Minnesota	43·7	
	Miles	<u>1,276·4</u>

Attention is directed to the very low bonded indebtedness per mile of road. The average amount per mile, namely, \$11,835, when compared with other Canadian or United States Railways, similarly situated, is so favourable to this Company, and the figures given above have only to be stated to establish the correctness of the statement.

Realising the importance of reaching Edmonton in time for the movement of the crop of 1904, as well as of providing better facilities for the large influx of settlers now moving towards the Battleford and Edmonton districts, every effort is being made by the Contractors to complete the extension of the Line to that point before the time mentioned. This extension passes through admittedly some of the richest agricultural lands of the North-West, and as they are being rapidly acquired by settlers of a generally superior class, this Line will undoubtedly prove very profitable in its operation to the Company. Several branches into the older settled districts in Manitoba are also under construction, and when completed will add very materially to the revenue of the Company.

The acquisition of the whole of the issued bonds and stocks of the different subsidiary companies, details of which will be found in another part of this Report, will also add largely to the Company's receipts; particularly is this so in respect to the Elevators at Port Arthur. Their business for the past year showed very satisfactory net receipts, after deducting the working expenses; and realising the necessity of providing ample accommodation to meet the requirements of a rapidly growing Elevator business it was decided to increase the storage capacity. There is, therefore, under construction a second working house Elevator, with a series of tile tanks, which, when completed by the end of this year, will give a capacity equal to double that of last year, and make a total Elevator capacity at Port Arthur of about seven million bushels.

The physical condition of the road-bed and track is very satisfactory, and to meet the demands for increased traffic facilities at Winnipeg and many other points on the system, a number of new sidings have been constructed, and authority has been given for further extensions this year.

The fact that the Railway, as now operated, as well as the various extensions and branches under construction, have an absolute absence of unproductive territory, marks a new order in railway operation in this country. Throughout its entire length the Line runs through a good revenue-producing district, and when attention is directed to the fact that the enormous emigration movement to the West is being largely settled in the various districts tributary to this Line, it will be appreciated that the Company must largely benefit from these exceedingly important conditions.

The various traffic reports which are attached hereto, also attest to the fact that the Company, though young in years, is a helpful factor in the development of the North-West, and that its operations as a whole have been economically handled.

WM. MACKENZIE,
President.

CONDENSED GENERAL

1904-1903

<table border="0"> <tr><td>Operating Assets</td><td>\$150,000</td></tr> <tr><td>Fixed Assets</td><td>100,000</td></tr> <tr><td>Reserves</td><td>100,000</td></tr> <tr><td>Liabilities</td><td>100,000</td></tr> <tr><td>Capital</td><td>100,000</td></tr> </table>	Operating Assets	\$150,000	Fixed Assets	100,000	Reserves	100,000	Liabilities	100,000	Capital	100,000	<table border="0"> <tr><td>Operating Assets</td><td>\$150,000</td></tr> <tr><td>Fixed Assets</td><td>100,000</td></tr> <tr><td>Reserves</td><td>100,000</td></tr> <tr><td>Liabilities</td><td>100,000</td></tr> <tr><td>Capital</td><td>100,000</td></tr> </table>	Operating Assets	\$150,000	Fixed Assets	100,000	Reserves	100,000	Liabilities	100,000	Capital	100,000
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To the BOARD OF DIRECTORS.

Herewith I beg to submit the Accounts of the Company,
 together with the Statements of Operation for the Fiscal Year
 ended 30th June, 1903.

D. B. HANNA,
Third Vice-President.

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Third Vice-President.

CONDENSED GENERAL

At 30th

TO COST OF RAILWAY AND EQUIPMENT ... \$37,942,207.65

GENERAL ASSETS.

The Minnesota & Ontario Bridge Co.

4½ per Cent. First Mortgage Debenture

Bonds \$180,000

Capital Stock 100,000

The Minnesota & Manitoba R.R.

5 per Cent. General Mortgage Bonds ... 250,000

Capital Stock 400,000

The Lake Superior Terminals Co.

5 per Cent. Mortgage Gold Bonds ... 1,000,000

Capital Stock 500,000

The Canadian Northern Telegraph Co.

5 per Cent. General Mortgage Bonds ... 300,000

Capital Stock 500,000

The Winnipeg Land Co.

5 per Cent. First Mortgage Gold Bonds 300,000

Capital Stock 100,000

\$3,630,000

Taken to account at the actual cost to the
Company

1,946,666.66

OPERATING ASSETS.

To Value of Material and Supplies on hand ... \$339,778.21

„ Due from Agents and Companies, Traffic

Balances, &c. 410,283.48

750,061.69

\$40,638,936.00

BALANCE SHEET,

June, 1903.

By CAPITAL STOCK	\$25,750,000.00
„ FOUR PER CENT. PERPETUAL CONSOLIDATED DEBENTURE STOCK	1,946,666.66
„ MORTGAGE BONDS	
First Mortgage Bonds at 4 per cent. (a small amount standing at 4½ per cent. not having been exchanged)	10,641,313.33
„ CAR TRUST BONDS	1,330,148.21

CURRENT LIABILITIES.

Current Pay Rolls	\$185,534.79
Due to other Companies	462,506.37
Accrued interest on Bonds, &c., to date	60,576.70
	<hr/>
Surplus	708,617.86
	<hr/>
	262,189.94

\$40,638,936.00

D. B. HANNA,

Third Vice-President.

STATEMENT OF FIRST MORTGAGE BONDS

Outstanding in the hands of the public.

GUARANTEED AS TO PRINCIPAL AND INTEREST BY THE GOVERNMENT OF MANITOBA.

BONDS.		<i>Outstanding.</i>	<i>Annual Charge.</i>
LAKE MANITOBA RAILWAY AND CANAL CO.	£205,400	\$999,613.33	\$39,984.52
CANADIAN NORTHERN RAILWAY	290,900	1,415,713.33	56,628.52
MANITOBA & SOUTH EASTERN RAILWAY	177,300	862,860.01	34,514.40
CANADIAN NORTHERN RAILWAY Gilbert Plains Branch ...	44,700	217,540.00	8,701.60
CANADIAN NORTHERN RAILWAY Branch Lines	—	{ 700,000.00 700,000.00	14,000.00 [*] 28,000.00
CANADIAN NORTHERN RAILWAY Ontario Division	1,180,600	5,745,586.66	231,575.46
		<u>\$10,641,313.33</u>	<u>\$413,404.50</u>

*Half-year's interest only.

LEASED LINES.

NORTHERN PACIFIC & MANITOBA RAILWAY		\$210,000.00
MINNESOTA & MANITOBA RAILROAD		13,960.00
		<u>\$223,960.00</u>
Total Fixed Charges		<u>\$637,364.50</u>

OPERATING STATEMENT

FOR THE

Year ended June 30th, 1903.

EARNINGS.

From Passengers... ..	\$389,170.94
„ Freight	1,896,378.87
„ Mails	8,715.86
„ Express	21,408.42
„ Miscellaneous	133,905.24
	\$2,449,579.33

OPERATING EXPENSES.

Conducting Transportation	312,704.58
Maintenance of Way and Structures	341,130.29
„ „ Motive Power	603,339.96
„ „ Cars	137,244.02
General Expenses	194,874.62
	1,589,293.47
Net Earnings	\$860,285.86

Operating Expenses 64.88 per cent. of Total Earnings.

Net Earnings ... 35.12 „ „ „ „

Gross Earnings per Mile of Road ... \$1,918.23

Net „ „ „ „ „ „ „ „ „ „ 673.68

Amount required per Mile of Road to
pay fixed charges, including Leased
Lines 499.35

STATEMENTS OF STOCKS AND BONDS

Of other Companies held by the Company.

In May, 1903, the following Companies' Stocks and Bonds were acquired by purchase :—

1. THE LAKE SUPERIOR TERMINALS COMPANY, LIMITED :
\$1,000,000 Five per Cent. First Mortgage Gold Bonds ;
\$500,000 Stock (being the total Stock issued).
2. THE WINNIPEG LAND COMPANY, LIMITED :
\$300,000 Five per Cent. First Mortgage Gold Bonds ;
\$100,000 Stock (being the total Stock issued).
3. THE MINNESOTA & MANITOBA RAILROAD COMPANY :
\$250,000 Five per Cent. General Mortgage Bonds ;
\$400,000 Stock (being the total Stock issued).
4. THE MINNESOTA & ONTARIO BRIDGE COMPANY :
\$180,000 Four-and-a-half per Cent. First Mortgage Debenture Bonds ;
\$100,000 Stock (being the total Stock issued).
5. THE CANADIAN NORTHERN TELEGRAPH COMPANY :
\$300,000 Five per Cent. General Mortgage Bonds ;
\$500,000 Stock (being the total amount issued).

NOTE.—The acquisition of the Bonds and Stocks of the above Companies will result in considerable advantage to the Canadian Northern Railway Company, from the fact that such Companies not only earn the interest on their bonded indebtedness, but also earn sufficient to pay the interest on the whole of the existing 4 per Cent. Perpetual Consolidated Debenture Stock above referred to, without recourse to the funds of the Canadian Northern Railway Company.

SHORT DESCRIPTION OF THE COMPANIES

Referred to on the previous page.

THE LAKE SUPERIOR TERMINALS COMPANY is the owner of a tract of land 13,140 ft., the greater portion of which has a frontage on Port Arthur Harbour, together with Docks, Tile Elevators of the latest improved description, of 3,350,000 Bushels capacity, Wharves and Freight Sheds, etc. The earnings from the Elevators alone are now of considerable magnitude, and will grow proportionately as the construction of the Railway increases the area of lands brought under cultivation by the steady influx of new settlers.

THE WINNIPEG LAND COMPANY is the Proprietor of about 200 acres of land in the City of Winnipeg and the Suburbs of St. Boniface, acquired for Yards, etc. It also holds valuable property on the corner of Main Street and Portage Avenue, in the City of Winnipeg, on which Central Offices of the various departments of the Company's enterprises are established.

THE MINNESOTA AND MANITOBA RAILROAD COMPANY AND THE MINNESOTA AND ONTARIO BRIDGE COMPANY are already leased for very long periods by the Railway Company, at rentals exceeding the interest on the Bonds.

THE CANADIAN NORTHERN TELEGRAPH COMPANY is incorporated with powers to open and build telegraph lines throughout the Dominion of Canada, and it operates, amongst others, the telegraph lines of the Railway Company. The great success of the Canadian Pacific telegraphs is the basis for the belief that in this field the results to the Company will be entirely satisfactory.

DESCRIPTION OF FREIGHT CARRIED.

Flour	Sacks (100 lbs. each)	332,096
Grain	Bushels	12,367,110
Cattle, Hogs and Sheep	Head	16,829
Horses and Mules	Head	6,946
Logs and Lumber	Feet	85,551,000
Cordwood	Cords	111,748
Agricultural Implements	Cars	1,145
Binder Twine	Tons	1,937
Apples	Barrels	32,662
Fish	Tons	4,784
Hardware, all kinds	Tons	24,536
Immigrants Effects	Cars	735
Building Material (Lime, Stone, Brick, Sand, &c.)	Cars	1,612
Manufactured Articles	Tons	173,379

TRAFFIC STATISTICS

For the Year ended 30th June, 1903.



FREIGHT TRAFFIC.

Number of tons carried	...	...	...	...	901,608
" " " " I mile	...	...	...	...	251,342,113
Earnings per ton per mile	...	...	...	...	0.786 Cents.

PASSENGER TRAFFIC.

Number of Passengers carried	...	...	...	...	281,801
" " " " I mile	...	...	...	...	16,733,608
Earnings per Passenger per mile	...	...	...	...	2.320 Cents.

TRAFFIC TRAIN EARNINGS

For the Year ended 30th June, 1903.

	Mileage.		Earnings,		Earnings per Traffic Train Mile.
			\$		Cents.
Passenger ...	452,891	...	419,295.22	...	92.58
Freight ...	990,174	...	1,896,378.87	...	191.52
Total ...	<u>1,443,065</u>	...	<u>\$2,315,674.09</u>	...	<u>\$1.60.47</u>

EXPENSES PER TRAFFIC TRAIN MILE

For the Year ended 30th June, 1903.

			Expenses,		Expenses per Traffic Train Mile.
			\$		Cents.
Maintenance of Way and Structures ...		...	341,130.29	...	23.64
„ „ Motive Power ...		...	603,339.96	...	41.81
„ „ Cars ...		...	137,244.02	...	09.51
Conducting Transportation ...		...	312,704.58	...	21.67
General Expenses ...		...	153,969.13	...	10.67
Total ...		...	<u>\$1,548,387.98</u>	...	<u>\$1.07.30</u>

EQUIPMENT

At 30th June, 1903.

Locomotives	...	...	...	...	...	...	...	...	73
First-Class Coaches	...	...	..	...	...	...	...	...	11
Second-Class Coaches	...	...	...	...	...	...	...	...	11
Combination, Coach and Baggage	...	...	...	...	...	...	...	...	4
Baggage, Mail and Express Cars	...	...	...	...	...	...	...	...	6
Dining Car	...	...	...	...	...	...	...	...	1
Business Cars	...	...	...	...	...	...	...	...	3
Refrigerator Cars	...	...	...	...	...	...	...	...	9
Box Cars	...	...	...	...	...	...	...	...	1,870
Stock Cars	...	...	...	...	...	...	...	...	24
Flat Cars	...	...	...	...	...	...	...	...	604
Conductors' Vans	...	...	...	...	...	...	...	...	33
Boarding, Tool and other Auxiliary Cars	...	...	...	...	...	...	...	...	62
Steam Shovel	...	...	...	...	...	...	...	...	1