

WINNIPEG
ELECTRIC
RAILWAY
COMPANY

THIRTY-FIRST
ANNUAL REPORT
NINETEEN TWENTY-THREE

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THE
ANNUAL REPORT
OF
THE WINNIPEG ELECTRIC RAILWAY
COMPANY FOR THE FISCAL YEAR
ENDED THIRTY-FIRST OF DECEMBER
NINETEEN TWENTY-THREE

*Submitted at the Thirty-First Annual Meeting
held on the 8th day of July
Nineteen twenty-four*

DIRECTORS:

SIR AUGUSTUS NANTON, *President*

A. W. McLIMONT, *Vice-President*

F. MORTON MORSE, *Secretary*

G. V. HASTINGS

A. J. NESBITT

HUGH SUTHERLAND

W. J. BULMAN

D. N. FINNIE

W. R. BAWLF

A. W. McLIMONT, *General Manager*

J. S. MACKENZIE, *Treasurer*

L. PALK, *Assistant Secretary*

Report of the President and Directors Winnipeg Electric Railway Company

For the year ended December 31st, 1923

To the Shareholders:

Your Directors beg to submit a statement of the operations for the year ended the 31st December, 1923, as follows:

Gross Earnings from Operations.....	\$5,280,407.72
Operating Expenses, before charging Depreciation.....	3,465,892.55
Net Operating Revenue.....	\$1,814,515.17
Miscellaneous Income.....	127,705.88
Income available to meet fixed charges, etc.....	\$1,942,221.05
From which the following deductions are made:	
Interest Charges on Debenture Stock, Bonds, Bank Loans, etc.....	\$663,480.47
Extinguishment of Discount on Securities.....	16,204.77
City Percentage and Car License Taxes.....	168,192.72
Taxes.....	162,470.80
Miscellaneous Non-operating Ex- penses.....	2,974.90
Other Income Deductions.....	58,496.91
	<u>1,071,820.57</u>
Net Income as shown on Accounts submitted herewith, excluding depreciation.....	<u>\$ 870,400.48</u>

The gross earnings for the year 1923 as compared with the year 1922 show a decrease of \$114,815.80, and the operating expenses a decrease of \$60,822.57. The net income for the year is \$64,974.51 less than that of 1922.

The most marked feature of the year's operations is the contraction in gross earnings, which resulted from economic and unusual weather conditions beyond the Company's control. Business activity in Winnipeg and its suburbs was slowed up during the year 1923 from that recorded in 1922, and this condition, together with the weather, which, especially during the latter part of the year, was unusually fine—the temperature averaging much higher than usual—caused a decrease of over 2,000,000 in the number of passengers carried on the Electric Railway System. Gas Sales were influenced by economic

conditions and, with the higher temperature, less gas was used for heating purposes, resulting in a shrinkage of Gas Sales of 56,000,000 cubic feet, or $8\frac{1}{2}$ per cent—all of which reacted unfavorably on the gross earnings of the Company. Sales of electricity were also affected, as individual industries and mercantile establishments, on account of operating with reduced staffs or being idle, used less power and light than is required to meet their normal demands. In this particular department of its business, however, the Company was fortunately able to secure enough additional power contracts to offset these reductions and, in addition, to increase the gross earnings of the Electric utility by \$135,000 and establish a new record output of electricity.

The chief feature of the Electric utility during the year 1923 was the contracting for additional business aggregating over 27,000 h.p. It was possible to take care of this increased business because of the supply of power available from the new hydro-electric development at Great Falls of the Manitoba Power Company, Limited. This plant furnished Winnipeg Electric Railway Company with sufficient power to meet the demands under peak load conditions from November to April without bringing into operation the Company's steam plant with its expensive operation. Indications to date point to an even greater demand for power in the coming year.

The Gas utility, although having experienced a reduction in its sales of gas, was favoured with a substantial reduction in the price of coal during the last five months of the year and this, together with other savings that were introduced, more than offset the reduction in gross earnings resulting from decreased sales. The rates of this utility were materially reduced, effective September 1st, 1923, and since that time there has been an increase in the sales of gas, and it is anticipated that the year 1924 will see sales of this utility restored to normal, even if general business activity should not show decided advancement.

It will be observed that after payment of all fixed charges and making the usual provision for depreciation the Company shows a net income of \$669,350.44. From this amount has been deducted the dividends paid on Preferred Stock amounting to \$210,000.00 and also an additional allowance for depreciation amounting to \$156,002.61, leaving \$303,347.83 to be transferred to surplus.

The Company has made substantial additions and improvement to its property in 1923. There were two extensions to track of the Railway system and a considerable portion of old track was rehabilitated. The rolling stock was increased by

four new motor buses and a new motor bus route was opened up in the North End of the city. Considerable work was done to increase the capacity of various substations, particularly at the Mill Street and Transcona stations, and a new transmission line was erected between Lac du Bonnet and Transcona. Work was also started on the erection of a new gas plant of the most modern design with a view of further reducing gas production costs. Then there were the usual additions to the Company's distribution system necessary to provide service for new customers both for Electric and Gas utilities.

The Company continued its policy of keeping its property in good operating condition and is in a good position to render efficient service to its patrons.

Respectfully submitted.

A. M. NANTON

President.

AUDITORS' REPORT

*To the Shareholders, Winnipeg Electric Railway Company,
Winnipeg, Canada.*

We have audited the accounts of the Winnipeg Electric Railway Company for the year ended December 31, 1923, and have compared them with the accompanying Balance Sheet and Income Account, which are in accordance with the books. In our opinion the Balance Sheet is properly drawn up so as to present a true and correct statement of the affairs of the Company as at December 31, 1923, and the Income Account correctly reflects the results of the operations for the year ended that date. The allowance for depreciation charged against the Net Income for the year has been provided in accordance with the reports of the J. G. White Engineering Corporation.

MARWICK, MITCHELL & CO.,
Chartered Accountants.

Winnipeg, Man., March 25, 1924.

WINNIPEG ELECTRIC RAILWAY

As a

ASSETS

PHYSICAL PROPERTIES at Reproduction Cost as Appraised by The J. G. White Engineering Corporation, as of December 31, 1916, and additions since.....		\$27,922,778.62
LESS DECREASE in Book Value of River Park Property due to proposed Right-of-Way through Park.....	532,858.09	
		<u>\$27,389,920.53</u>
RIVER PARK Property Adjustment.....	532,858.09	
SINKING FUNDS:		
First Refunding Mortgage 30-Year 5% Sinking Fund Gold Bonds at par value.....	629,020.12	
ADVANCES TO AND STOCK HELD IN SUBSIDIARY COMPANIES AT BOOK VALUE....	3,196,809.26	
CURRENT ASSETS:		
Cash in Bank and on Hand.....	\$ 29,790.81	
Cash in Bank—Special Accounts.....	177,695.31	
Consumers and other Accounts Receivable less Reserve for Doubtful Accounts.....	492,245.00	
Deposit with Workmen's Compensation Board.....	16,589.20	
Material and Supplies.....	577,927.00	
		<u>1,294,247.32</u>
DEFERRED ASSETS, PREPAID ACCOUNTS, UNADJUSTED DEBITS, ETC.....	3,061,174.33	

Total.....\$36,104,029.65

COMPANY—BALANCE SHEET

December 31st, 1923

LIABILITIES

CAPITAL STOCK:

Authorized and Issued—

30,000 Shares 7% Cumulative Preferred Stock of \$100.00 each.....	\$ 3,000,000.00
110,000 Shares Common Stock of \$100.00 each.....	11,000,000.00
	<u>\$14,000,000.00</u>

FUNDED DEBT as per Schedule:

Debenture Stock.....	\$4,380,000.00
Bonds.....	8,250,000.00
	<u>12,630,000.00</u>

CURRENT AND ACCRUED LIABILITIES:

Notes Payable to Bankers, secured.....	\$ 50,000.00
Other Notes Payable.....	35,000.00
Accounts Payable (Material and Supplies, Operating and Construction).....	566,566.45
Wages and Salaries Payable.....	120,995.77
City of Winnipeg—	
Percentage and Car License.....	168,192.72
Pavement Charges in dispute.....	346,219.13
Consumers' Security Deposits.....	62,793.28
Other Liabilities.....	132,490.61
Accrued Interest Charges, etc.....	136,755.18
Bond Interest Payable January 2, 1924.....	125,000.00
Dividend on Preferred Stock (payable January 2, 1924)....	42,500.00
	<u>1,786,513.14</u>

DEFERRED LIABILITY—Pavement Charges, Payable in Installments.....

441,388.37

RESERVES:

Accrued Depreciation.....	\$3,922,146.72
Injuries and Damages, etc.....	106,029.87
Sinking Fund.....	668,747.64
	<u>4,696,924.23</u>

SURPLUS.....

2,549,203.91

Total.....\$36,104,029.65

CONTINGENT LIABILITIES:

In respect of the Principal and Interest of the Bonds of the

Winnipeg, Selkirk & Lake Winnipeg Railway Company.....	\$ 1,400,000.00
Suburban Rapid Transit Company.....	500,000.00
Manitoba Power Company, Limited.....	<u>7,500,000.00</u>

WINNIPEG ELECTRIC RAILWAY COMPANY

FUNDED DEBT

As at December 31st, 1923

DEBENTURE STOCK:

4½% Perpetual Consolidated Debenture Stock, total issue.....	£2,643,000	
Pledged as Security for 20-Year General Mortgage and Collateral Trust Gold Bonds.....	£1,343,000	
Pledged as Collateral Security for Notes to Bankers.....	400,000	
	<u>1,743,000</u>	
Outstanding in hands of Public.....	£ 900,000	\$ 4,380,000.00

BONDS:

5% First Mortgage Bonds Winnipeg Electric Street Railway Company, redeemable January 1, 1927.....	\$1,000,000.00
Less Exchanged for First Refunding Mortgage 30-Year 5% Sinking Fund Gold Bonds, redeemable January 1, 1935.....	300,000.00
	<u>700,000.00</u>

First Refunding Mortgage 30-Year 5% Sinking Fund Gold Bonds, redeemable January 1, 1935.....	\$5,000,000.00
Less held in escrow.....	700,000.00
	<u>4,300,000.00</u>
	<u>5,000,000.00</u>

20-Year General Mortgage and Collateral Trust 6% Gold Bonds, redeemable March 1, 1943.....	5,000,000.00
Less Unissued.....	1,750,000.00
	<u>3,250,000.00</u>
	<u>8,250,000.00</u>
Total.....	<u>\$12,630,000.00</u>

WINNIPEG ELECTRIC RAILWAY COMPANY

INCOME ACCOUNT

For the Year ended December 31st, 1923

GROSS EARNINGS FROM OPERATIONS.....	\$5,280,407.72
OPERATING EXPENSES, before charging Depreciation.....	3,465,892.55
Net Operating Revenue.....	\$1,814,515.17
MISCELLANEOUS INCOME.....	127,705.88
Gross Income.....	\$1,942,221.05
DEDUCT:	
Interest Charges on Debenture Stock and Bonds.....	\$663,480.47
Extinguishment of Discount on Securities.....	16,204.77
City Percentage and Car License.....	168,192.72
Taxes.....	162,470.80
Miscellaneous Non-operating Expenses.....	2,974.90
Other Income Deductions.....	58,496.91
	<u>1,071,820.57</u>
NET INCOME before charging Depreciation.....	870,400.48
DEDUCT:	
Depreciation.....	201,050.04
Net Income transferred to Surplus.....	<u>\$ 669,350.44</u>
SURPLUS BROUGHT FORWARD from 1922 as adjusted.....	2,301,176.08
NET INCOME TRANSFERRED.....	\$669,350.44
DIVIDENDS on 7% Cumulative Preferred Stock.....	\$210,000.00
ADDITIONAL DEPRECIATION.....	156,002.61
	<u>366,002.61</u>
	<u>303,347.83</u>
	\$2,604,523.91
SINKING FUND APPROPRIATION.....	55,320.00
SURPLUS CARRIED FORWARD.....	<u>\$2,549,203.91</u>

