

TWENTY-EIGHTH

ANNUAL REPORT

OF THE

WINNIPEG

ELECTRIC RAILWAY

COMPANY

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NINETEEN-TWENTY

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DIRECTORS:

SIR AUGUSTUS NANTON, *President*

A. W. McLIMONT, *Vice-President*

F. MORTON MORSE, *Secretary*

G. V. HASTINGS

G. W. ALLAN

HUGH SUTHERLAND

W. J. BULMAN

J. D. McARTHUR

W. R. BAWLF

A. W. McLIMONT, *General Manager*

J. S. MACKENZIE, *Treasurer*

L. PALK, *Assistant Secretary*

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

*Submitted at the Twenty-Eighth Annual Meeting
held on the Ninth day of February
Nineteen-twenty-one*

Report of the President and Directors Winnipeg Electric Railway Company

For the Year ended December 31st, 1920

To the Shareholders:

Your Directors beg to submit a statement of the operations for the year ended the 31st December, 1920, as follows:

Gross Earnings from Operations..... \$5,233,700.65

Operating Expenses, before charging Depreciation..... 3,428,897.43

Net Operating Revenue..... \$1,804,803.22

Miscellaneous Income..... 76,700.11

Income available to meet fixed charges, etc..... \$1,881,503.33

From which the following deductions are made:

Interest Charges on Debenture Stock, Bonds, Gold Notes, etc..... \$716,214.85

Extinguishment of Discount on Securities..... 26,786.76

City Percentage and Car License Taxes..... 181,249.01

Taxes..... 127,239.43

Miscellaneous Non-Operating Expenses..... 2,942.31

Other Income Deductions..... 30,495.74

1,084,928.10

Net Income as shown on Accounts submitted herewith, excluding depreciation..... \$ 796,575.23

The gross earnings for the year 1920 show an increase of \$949,221.54 over the previous year. Notwithstanding the heavy increase in wages and other operating expenses, the net income shows an increase for the year of \$498,720.12.

The year 1920 began with prices of commodities and labour climbing upwards at a rapid rate, and while it did not seem possible that this ascent could continue indefinitely, the first

half of the year had elapsed before there appeared any sign of the peak having been reached.

In July a Board of Arbitration awarded increased wages to the Company's employees, such increase being made retroactive to the 1st May. As a result of the Company's application to the Manitoba Public Utilities Commission, increased rates were granted and an appraisal of the physical value of the Company's property was arrived at. The increased rates and fares authorized assisted in offsetting the increased operating expenses which had resulted from the rising costs of material and labour.

In April last the Company's south Main Street car barn together with 21 cars and other equipment were destroyed by fire. A new fireproof, fully modern car house has been erected on the site of the old one and all rolling stock destroyed has been replaced. Something over \$300,000 was recovered from insurance.

The different utilities of the Company all show a satisfactory growth over the preceding year. The gross earnings of the Company exceed those of 1919 by \$949,221.54.

The Company has continued making extensive improvements in all departments and in that connection has expended during the year more than \$900,000. This includes replacing property destroyed by fire.

It will be observed that after payment of all fixed charges, and making provision for depreciation, the Company made a net profit of nearly \$600,000.00, which is substantially the best showing of any year since 1914.

For the purpose of retiring as far as possible the Company's floating liabilities, a new issue of Preferred and Common shares was authorized, which stock is being placed on the market and it is expected will all shortly be disposed of.

The Company has continued its policy of providing the public with adequate service, and seeks to establish and maintain good relations with the public realizing that the welfare of your utilities is a matter of public consequence, which policy we believe has met with a marked degree of success.

Respectfully submitted.

(Sgd.) 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, 1920, 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, 1920, and the Income Account correctly reflects the results of the operations for the year ended that date. The allowance made for depreciation has been provided in accordance with the reports of the J. G. White Engineering Corporation.

MARWICK, MITCHELL & CO.,
Chartered Accountants

Winnipeg, February 8th, 1921

WINNIPEG ELECTRIC RAILWAY

As at 31st

ASSETS

PHYSICAL PROPERTIES at Reproduction Cost as Appraised by the J. G. White Engineering Corporation, as of December 31, 1916, and additions since	\$26,294,751.21
Less Property Adjustment.....	532,858.09
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PROPERTY ADJUSTMENT.....	\$25,761,893.12
SINKING FUNDS:	532,858.09
First Refunding Mortgage, 30-Year 5% Sinking Fund, Gold Bonds.....	339,495.13
ADVANCES TO AND STOCK HELD IN SUBSIDIARY COMPANIES AT COST.....	2,282,352.86
CURRENT ASSETS:	
Cash in Bank and on Hand.....	\$ 65,326.78
Cash in Bank—Special Accounts.....	223,892.70
Cash with National Trust Company—Preferred Stock Issue 158,350.09	
Consumers' and Other Accounts Receivable less Reserve for Doubtful Accounts.....	310,780.09
Deposit with Workmen's Compensation Board.....	19,991.74
Materials and Supplies.....	451,711.50
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PREPAID AND DEFERRED CHARGES.....	1,230,052.90
DISCOUNT ON NEW STOCK ISSUE.....	336,023.16
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Total.....	\$30,914,057.82

COMPANY—BALANCE SHEET

December, 1920

LIABILITIES

CAPITAL:

Authorized—

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>

Issued:

5,079 Shares 7% Cumulative Preferred Stock of \$100.00 each.....	507,900.00
93,243 Shares Common Stock of \$100.00 each.....	9,324,300.00
	<u>\$ 9,832,200.00</u>

NOTE—In addition there is a lien on 10,000 shares of Common Stock for advances and underwriting thereof. 813 Shares 7% Cumulative Preferred Stock and 610 Shares Common Stock have been issued as Security for advances.

DEBENTURE STOCK:

£900,000 4½% Perpetual Consolidated (Total Issue £1,300,000)	4,380,000.00
NOTE—£400,000 is pledged as security for Gold Notes and Notes to Bankers.	

FUNDED DEBT:

Bonds:

5% First Mortgage Bonds, Winnipeg Electric Street Railway Company, redeemable January 1, 1927	\$1,000,000.00
First Refunding Mortgage 30-Year 5% Sinking Fund Gold Bonds redeemable January 1, 1935.....	\$5,000,000.00
Less held in escrow.....	1,000,000.00
	<u>4,000,000.00</u>

Gold Notes, 6%:

Balance due January 15, 1921.....	375,000.00
	<u>5,375,000.00</u>

CURRENT AND ACCRUED LIABILITIES:

Notes payable to Bankers partly secured.....	\$2,460,000.00
Accounts Payable (Material and Supplies, Operation and Construction).....	690,995.27
City Percentage and Car License.....	181,249.01
City of Winnipeg and Provincial Taxes.....	270,603.67
Paving Taxes.....	331,638.98
Interest Accrued on Unpaid Taxes.....	76,691.05
Advances secured by Issue of 7% Cumulative Preferred and Common Stock.....	65,040.00
Wages Payable.....	109,394.59
Consumer's Security Deposits.....	57,610.59
Unredeemed Tickets.....	14,031.54
Other Liabilities.....	145,081.45
Accrued Interest Charges, etc.....	112,397.21
Bond Interest (Payable January 1, 1921).....	125,000.00

4,639,733.36

DEFERRED LIABILITY—Pavement Charges payable in Instalments, 1921-1934

518,429.48

RESERVE FOR INJURIES AND DAMAGES, ETC.....

249,061.65

ACCRUED DEPRECIATION.....

3,667,165.38

SINKING FUND RESERVE.....

406,966.59

SURPLUS—Invested in Company's Properties.....

1,845,501.36

Total..... \$30,914,057.82

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
On Demand Note of Winnipeg River Power Co. Limited...	200,000.00
On Guarantee for Winnipeg River Power Co. Limited.....	<u>140,758.78</u>

WINNIPEG ELECTRIC RAILWAY COMPANY

INCOME ACCOUNT

For the Year ended December 31st, 1920

GROSS EARNINGS FROM OPERATIONS.....	\$5,233,700.65
OPERATING EXPENSES—Before charging depreciation.....	3,428,897.43
Net Operating Revenue.....	\$1,804,803.22
MISCELLANEOUS INCOME.....	76,700.11
Gross Income.....	\$1,881,503.33
DEDUCT:	
Interest Charges on Debenture Stock, Bonds, Gold Notes, etc.....	\$716,214.85
Extinguishment of Discount on Securities.....	26,786.76
City Percentage and Car License.....	181,249.01
Taxes.....	127,239.43
Miscellaneous Non-Operating Expenses.....	2,942.31
Other Income Deductions.....	30,495.74
	1,084,928.10
NET INCOME before charging depreciation.....	\$ 796,575.23
DEDUCT:	
Depreciation.....	201,050.00
NET INCOME Transferred to Surplus.....	\$ 595,525.23
SURPLUS BROUGHT FORWARD FROM 1919 AS ADJUSTED.....	\$1,314,420.29
NET INCOME FOR YEAR TRANSFERRED.....	\$595,525.23
DIVIDEND ON 7% CUMULATIVE PREFERRED STOCK 4,444.16	591,081.07
	\$1,905,501.36
SINKING FUND APPROPRIATION.....	60,000.00
SURPLUS CARRIED FORWARD.....	<u>\$1,845,501.36</u>

