

1901.

NEW ZEALAND.

WELLINGTON - MANAWATU RAILWAY :

CORRESPONDENCE IN CONNECTION WITH OFFER OF THE COMPANY TO SELL THE LINE TO THE GOVERNMENT.

Laid on the Table of the House of Representatives by Leave.

Mr. T. G. MACARTHY, Chairman of Directors, to the Rt. Hon. the PREMIER.

SIR,—

Wellington, 2nd September, 1901.

Last September I had the honour to communicate to you the terms on which the directors of the Wellington and Manawatu Railway Company (Limited) were willing, subject to the confirmation by the shareholders, to sell to the Government the whole of the assets of the company. Your reply, dated the 14th March, 1901, stated that the Government was not prepared to purchase at the price expressed in my letter above referred to, but was willing to consider further proposals for the acquirement of the land and line on better terms.

Since the date of your reply, I have had the honour of discussing with you the financial position of the company, and the suitability of its railway to carry a greatly increased volume of traffic. To make the financial position of the company quite clear, I now attach hereto a *pro forma* statement of its assets and liabilities made up to the 14th August, 1901, showing a balance of assets over liabilities of £257,520 16s. 5d., equivalent to £1 10s. 3½d. per share on 170,000 shares, that being the number of shares issued by the company on which calls to the amount of £1 per share have been paid. I have now the honour to inform you that the directors of the Wellington and Manawatu Railway Company are willing, subject to confirmation by shareholders, to sell to the Government the whole of the assets of the company for the sum of £276,250, that amount being an advance 7½ per centum on the balance of assets over liabilities; payment for shares held in England to be made there, and to local shareholders in Wellington. This offer to sell is made subject to the following conditions and reservations:—

(1.) The statement of assets and liabilities hereto attached is to be accepted as the basis on which the value of the shares is calculated.

(2.) That the Government assume the liability of providing for the redemption in London, at their due date, of the debentures (£680,000) issued by the company and all interest thereon, and all expenses necessary to the extinction of the liability, together with all other liabilities of the company accruing and accrued.

(3.) Should your Government elect to purchase, it would be essential, for the purposes of liquidation, that the seal, minute-books, and office records should be retained by the company until liquidation is completed, the Government having the right of access thereto at all reasonable times.

(4.) Until payment of the purchase-money agreed on the company to carry on its business as at present. The purchase-money to bear interest at the rate of 4 per cent. per annum from the 17th August, 1901, to be calculated from day to day. Directors' honorarium and London office expenses to be calculated in a similar manner.

(5.) This offer will remain open to the Government for acceptance until the 15th October, and is made without prejudice to all rights of the company under the contract now existing.

The directors of the company desire me to renew the request contained in my letter to you of the 17th September, 1900—that, should the Government make a purchase of the company's assets, employment should be provided in the public service for our clerical staff and our well-trained employes in positions and emoluments similar to those which they now hold. The high character for efficiency borne by our staff and employes will, I trust, secure most favourable consideration for my request.

At the date of my letter to you first quoted the balance of assets over liabilities was £240,424; the balance now is £257,520, an increase of £17,096 in eighteen months. The price then required to purchase the property of the company was, after payment of all other liabilities, repayment of the shareholders' capital, £170,000, with compound interest thereon at the rate of 6 per cent. per

annum, equal to £1 15s. 6d. per share. I now quote £1 12s. 6d. per share, a reduction of 3s. per share on 170,000 shares, equal to £25,500. The assets now show an increase of £17,096, a total of £42,596.

I think I am justified in claiming that this offer to sell the property of the company is on very much better terms to the Government. Should you require further information or explanation to establish the financial position of the company, I will be very pleased to attend you.

I have, &c.,

THOS. G. MACARTHY,
Chairman of Directors.

The Right Hon. the Premier, Wellington:

WELLINGTON AND MANAWATU RAILWAY COMPANY (LIMITED).

Statement of Assets and Liabilities.

Assets.				Liabilities.			
	£	s.	d.		£	s.	d.
30th May, 1901.				Debentures	680,000	0	0
Railway rolling-stock,				Sundry creditors	4,027	9	3
land, and buildings..	951,879	15	6	Debenture interest accrued ..	16,346	3	1
Less written off ..	191,255	4	10				
			760,624				
Freehold lands			51,931				
Balances due by land-purchasers ..			51,524				
Deposits and interest accrued ..			40,814				
Sundry debtors			3,481				
Railway stores			4,177				
Cash balances—							
Bank of New Zealand	10,264	15	11				
In hand—Head office	424	8	6				
" Stations ..	45	0	0				
" Imprest ..	22	3	3				
" Petty cash	10	19	9				
London agents and in transit	34,660	14	6				
			45,428	Balance of assets	£700,373	12	4
			£957,982		257,609	5	8
			18		£957,982	18	0
			0				

£257,609 5s. 8d., divided by 170,000 shares, equals £1 10s. 3d. per share.

13th August, 1901.

Half-yearly Statement of Assets and Liabilities.

Assets.				Liabilities.			
	£	s.	d.		£	s.	d.
Railway rolling-stock &c.	952,452	12	5	Debentures	680,000	0	0
Less written off ..	191,255	4	10	Sundry creditors	4,429	1	10
			761,237	Debenture interest	7,265	16	0
Freehold lands			51,221	Appropriation for dividend at 3 per cent.			
Balances due by land-purchasers ..			51,819	to shareholders for half-year ..	5,150	0	0
Deposits and accrued interest ..			40,527				
Railway stores			10,181				
Sundry debtors			2,107				
Cash Balances—							
Bank of New Zealand	3,479	11	5				
In hand—Head office	348	15	1				
In hand—Stations ..	45	0	0				
" Imprest ..	36	10	4				
" Petty cash	6	16	4				
London agents and in transit	33,353	1	9				
			37,269	Balance of assets	£696,844	17	10
			£954,365		257,520	16	5
			14		£954,365	14	3
			3				

£257,502 divided by 170,000 shares equals £1 10s. 3½d. per share.

THOS. G. MACARTHY,
Chairman of Directors.

30th August, 1901.

Right Hon. the PREMIER to Mr. T. G. MACARTHY.

DEAR SIR,—

Premier's Office, Wellington, 28th October, 1901.

At the time you delivered to me your memorandum of the 2nd September, 1901, in which it was stated that the directors of the Wellington and Manawatu Railway Company (Limited), subject to confirmation by the shareholders, were prepared to sell to the Government the whole of the assets of the company, I informed you that the Government could not think of purchasing at the price named in such memorandum. The offer of the company contained therein was to remain open to the Government for acceptance till the 15th October. That time has now expired. I stated publicly, at the opening of the Waikanae Bridge, that the Government had been prepared, subject to confirmation by Parliament, to offer for the assets, as set forth in the table attached to your memorandum, an amount equal to £1 10s. per share for 170,000 shares, and aggregating an amount almost equal to the total value of the assets over liabilities, as shown in the statement of the assets and liabilities submitted by the company. Seeing that there was

no prospect of coming to terms, no action has been taken with regard to the other suggestions submitted in your communication. The opinion of the Government remains unchanged, and, as the session is now nearing termination, presumably negotiations may be considered to be at an end for the present.

Yours faithfully,
R. J. SEDDON.

T. G. Macarthy, Esq., Chairman of Directors,
Wellington and Manawatu Railway Company, Wellington.

WELLINGTON AND MANAWATU RAILWAY COMPANY (LIMITED).

Statement of Receipts and Expenditure (from the 1st March, 1900, to the 28th February, 1901).

Receipts.			Expenditure.		
	£	s. d.		£	s. d.
Balance 28th February, 1900 ..	41,396	9 7	Debenture interest ..	34,000	0 0
Traffic	94,418	5 5	Traffic	31,072	3 7
Land—			Deposits	20,000	0 0
Principal	11,304	7 6	Stores	11,777	16 8
Interest	2,365	19 10	Dividends	8,510	12 8
Rents, &c.	369	7 6	Rates and taxes	6,232	18 5
			Rolling-stock and machinery ..	1,484	12 5
	14,039	14 10	Directors' fees	1,000	0 0
Refunds, &c.	3,126	11 2	Land	885	2 5
Transfer and scrip fees—			Construction	701	15 7
Wellington	6	6 6	London office charges	546	5 0
London	6	13 6	Refunds, advances, &c.	309	14 4
			Commission and discount	205	0 0
	13	0 0	Auditors' fees	157	10 0
			Cash balances—		
			Bank of New Zealand,		
			Wellington	£1,294	12 10
			London	34,117	12 1
				35,412	4 11
			In hand, Head Office, and stations ..	698	5 0
	£152,994	1 0		£152,994	1 0

Profit and Loss : Railway Account.

28th February, 1901.

Dr.	£	s. d.	Cr.	£	s. d.	£	s. d.
Interest on debentures	34,000	0 0	Traffic proceeds (gross) ..	96,270	1 0		
Rates and taxes	5,239	11 1	Less expenditure	46,562	0 1		
Directors' fees	1,000	0 0				49,708	0 11
London office charges	546	5 0	Interest			1,018	10 10
Commission and exchange	205	0 0	Transfer and scrip fees			13	0 0
Auditors' fees	157	10 0	Proportion of directors' fees transferred to Land Account			200	0 0
Balance carried down, available for dividends	9,791	5 8					
	£50,939	11 9				£50,939	11 9

Balance brought down, £9,791 5s. 8d.

Profit and Loss : Land Account.

28th February, 1901.

AVAILABLE FOR DIVIDENDS.

Dr.	£	s. d.	Cr.	£	s. d.
Proportion of directors' fees transferred from Railway Account	200	0 0	Interest on mortgages	2,617	18 7
Land-tax paid on mortgages	220	6 3	Sundry revenue	379	7 6
Balance carried down, being net profit available for dividends	2,576	19 10			
	£2,997	6 1		£2,997	6 1

Balance brought down, £2,576 19s. 10d.

NOT AVAILABLE FOR DIVIDENDS.

	£	s. d.		£	s. d.
General charges	841	16 11	Gross profits on land sales	5,785	11 9
Proportion rates and taxes	773	1 1			
Balance carried down, being net profit on land sales not available for dividends, and held as further security for debenture-holders	4,270	13 9			
	£5,785	11 9		£5,785	11 9

Balance brought down, £4,270 13s. 9d.

Balance-sheet.

28th February, 1901.

<i>Liabilities.</i>			<i>Assets.</i>		
	£	s. d.		£	s. d.
Capital—			Railway	763,408	3 11
London register, 104,903 shares; Wel-			Freehold lands	52,698	6 9
lington register, 65,097 shares: total,			Balances due by land purchasers ..	52,010	12 3
170,000, at £1	170,000	0 0	Deposits and accrued interest ..	40,872	0 4
Debentures	680,000	0 0	Sundry debtors	3,416	10 1
Sundry creditors	7,322	12 5	Railway stores	4,369	9 5
Debenture interest accrued ..	8,500	0 0	Cash balances—		
Balances available for dividends—			Bank of New Zealand ..	1,294	12 10
As per balance-sheet, 28th ..			In hand, Head Office ..	653	5 0
Feb., 1900	27,634	0 5	Stations	45	0 0
Less dividend paid	8,500	0 0	London agents ..	3,117	12 1
			In transit to London ..	31,000	0 0
	19,134	0 5			
Railway Account—Net				36,110	9 11
profit for year ending					
28th Feb., 1901	9,791	5 8			
Land Account—Net profit					
for year ending 28th					
Feb., 1901	2,576	19 10			
Total net profit avail-					
able for dividends	31,502	5 11			
Not available for dividends—					
Land Account—					
As per balance-sheet,					
28th Feb., 1900	51,290	0 7			
Net profit from land					
sales for year ending					
28th Feb., 1901	4,270	13 9			
	55,560	14 4			
	£952,885	12 8		£952,885	12 8

AUDITORS' REPORT.

We, the undersigned auditors, duly appointed by the shareholders, hereby certify that we have examined the books, papers, and accounts of the Wellington and Manawatu Railway Company (Limited), have compared them with the bank-books and vouchers, and find the same correct. We are of opinion that the above balance-sheet exhibits a true and correct state of the company's affairs from the 1st day of March, 1900, to the 28th day of February, 1901, inclusive, and contains the whole of the particulars required under "The Companies Act, 1882," and the articles of association of the company.

Dated at Wellington this 16th day of March, 1901.

HENRY KEMBER, F.I.A.N.Z.,
D. T. STUART, F.I.A.N.Z., } Auditors.

REPORT OF THE BOARD OF DIRECTORS.

Your directors have much pleasure in submitting for your information and approval the accompanying statement of receipts and expenditure and balance-sheet.

Notwithstanding material reductions of rates, the traffic earnings for the year—£96,270 1s.—represents the largest volume of traffic handled in any year since the opening of the railway. The income from the railway and land has been so satisfactory that the directors feel justified in recommending the payment of a dividend of 6 per cent. for the year.

Messrs. Kirkcaldie and Plimmer are the retiring directors, and, being eligible, offer themselves for re-election. Messrs. Kember and Stuart, the retiring auditors, also offer themselves for re-election.

T. G. MACARTHY, Chairman.

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