

1938

MAR 17 1939

ONE HUNDRED AND EIGHTEENTH
ANNUAL REPORT

OF THE

BOARD OF MANAGERS

OF

The Lehigh Coal and Navigation Company

TO THE

STOCKHOLDERS



FISCAL YEAR ENDED DECEMBER 31, 1938

NOTE:

This report is **issued** for the purpose of providing information to the Stockholders. It is not a representation, prospectus or circular in respect of any stock or security of any corporation, and is not furnished in connection with any sale or offer to sell or buy any stock or security now or hereafter to be issued, or with any preliminary negotiation for such sale, or with other business transactions.

BOARD OF MANAGERS
OF
THE LEHIGH COAL AND NAVIGATION COMPANY

CHAIRMAN OF THE BOARD
S. D. WARRINER

PRESIDENT
ROBERT V. WHITE

MANAGERS

P. M. CHANDLER	E. B. LEISENRING
EDWARD WALTER CLARK	GEORGE L. OHRSTROM
WILLIAM P. GEST *	BENJAMIN RUSH
DEERING HOWE	S. D. WARRINER
WM. FULTON KURTZ	ROBERT V. WHITE
PARKER S. WILLIAMS	

GENERAL OFFICERS

HENRY H. PEASE	<i>Vice-President and Secretary</i>
WILLIAM JAY TURNER	<i>General Counsel</i>
T. P. SCOTT	<i>Treasurer</i>
F. M. FISHER.	<i>Comptroller</i>
R. V. PIERCE	<i>Assistant Secretary</i>
HENRY LODGE.	<i>Assistant Secretary</i>
GEORGE CRAIG.	<i>Assistant Treasurer</i>
G. K. McALLISTER.	<i>Assistant Comptroller</i>

* Died January 12, 1939.

PHILADELPHIA , PA., February 23, 1939.

To the Stockholders of

The Lehigh Coal and Navigation Company:—

The Board of Managers respectfully submits the One Hundred and Eighteenth Annual Report covering the business of your Company for the fiscal year ended December 31, 1938 :

INCOME

The net income of your Company for the year 1938, accruing from its direct operations and from railroad rentals, dividends from subsidiary and other companies, and income from other sources, but not including the undistributed earnings and losses of subsidiary companies, the stock of which is owned or controlled by your Company, was \$900,837.94 as shown on the Income Account on page 12.

Giving effect to the earnings and losses of subsidiary companies, the consolidated net loss of your Company amounted to \$46,815.06 as shown on the Consolidated Income Account on page 16, compared to a loss of \$306,510.53 in the previous year.

For details of the financial condition of your Company, as well as the consolidated financial condition of your Company and its subsidiaries, as of December 31, 1938, together with the operating results during the year, reference is made to the report of your Company's auditors, Messrs. Lybrand, Ross Bros. & Montgomery, Certified Public Accountants, on page 9, and to the following statements :

- General Balance Sheet, pages 10 and 11.
- Income Account, page 12.
- Earned Surplus Account, page 12.
- Dividends Received, page 13.
- Consolidated Balance Sheet, pages 14 and 15.
- Consolidated Income Account, page 16.
- Consolidated Earned Surplus, page 17.
- Statement of Funded Debt Outstanding, page 18.
- Securities Owned, page 19.

FUNDED DEBT

Funding and Improvement Fifty-Year Four Per Cent. Gold Bonds of 1948, to the amount of \$5,000.00, were redeemed during the year. The bonds thus redeemed were Series A, Nos. A 604, A 1152 and A 1435, and Series B, Nos. B 3903 and B 3904. At

the end of the year, the amount of Funding and Improvement Mortgage Bonds outstanding in the hands of the public and not called for redemption was \$3,487,000.00.

Consolidated Mortgage Sinking Fund Four and One-half Per Cent. Gold Bonds of 1954, to the amount of \$129,000.00, were redeemed during the year. At the end of the year, the amount of Consolidated Mortgage Sinking Fund Gold Bonds outstanding in the hands of the public and not called for redemption was \$19,327,000.00.

The total amount of funded debt of your Company outstanding in the hands of the public at the close of the year was \$22,814,000.00, a decrease of \$134,000.00 during the year.

First Mortgage Four and One-half Per Cent. Bonds of the Wilkes-Barre and Scranton Railway Company, aggregating \$500,000.00 principal amount (the entire issue), which were guaranteed principal and interest by your Company, were purchased by your Company at par and are held in its treasury.

The total amount of the outstanding funded debt of your Company and its subsidiaries in the hands of the public was \$32,123,474.72, a decrease of \$837,425.28 during the year.

A detailed statement of the funded debt outstanding of your Company and its subsidiaries appears on page 18.

CANALS

The Lehigh Canal was maintained, and water powers were operated throughout the year.

Canal operations for the year show a net loss of \$28,270.34, compared with a net loss of \$46,469.55 for the previous year.

The bill in equity filed by the Commonwealth of Pennsylvania against The Delaware Division Canal Company of Pennsylvania for the forfeiture of the property of the Canal Company, as stated in the Annual Report for 1937, was dismissed by the Court of Common Pleas of Dauphin County on March 21, 1938. Appeal was taken by the Commonwealth to the Supreme Court of Pennsylvania, which, on October 3, 1938, affirmed the decision of the Lower

Court declaring that the Commonwealth is not entitled to a forfeiture of the Canal Company's property or to require it to restore the Canal to a navigable condition. A petition for re-argument subsequently filed by the Commonwealth was denied by the Supreme Court on November 23, 1938.

The operations of The Delaware Division Canal Company in 1938 resulted in a net loss of \$9,150.92, compared with a net loss of \$9,965.83 in the previous year.

WATER

The operations of The Panther Valley Water Company and the Summit Hill Water Company, controlled by your Company and serving the territory between Nesquehoning and Tamaqua, including the Borough of Summit Hill, resulted in a combined net income of \$34,798.80, a decrease of \$589.46 as compared with the previous year.

GENERAL

The rentals received by your Company during the year from The Central Railroad Company of New Jersey for the Lehigh & Susquehanna Railroad and Branches amounted to \$2,279,096.50. In addition thereto, The Central Railroad Company of New Jersey paid your Company as rental under assignment of lease of the Wilkes-Barre and Scranton Railway \$66,606.48. Out of the latter amount your Company paid the Wilkes-Barre and Scranton Railway Company \$50,675.26 with which to pay its interest, dividends, taxes and corporate expenses.

One dividend of 10 cents per share, amounting to \$192,912.70, was paid during the year on the 1,929,127 shares of the common capital stock of your Company without nominal or par value.

Your Company's investment in the capital stock of Lehigh Navigation Coal Company Incorporated amounts to \$3,520,977.06. Advances have been made to that corporation amounting to \$2,625,000.00, an increase of \$325,000.00 during the year, in addition to which the Lehigh Navigation Coal Company Incorporated owed your Company on December 31, 1938, \$1,106,541.40 for royalty, interest, power, and other items, an increase of \$890,824.80 during the year.

On April 15, your Company leased for a period of three years its Alliance Breaker to the Merriam Coal Mining Company, for the preparation of that company's coal taken from lands other than your Company's. Supplementary agreements were made permitting the Merriam Coal Mining Company to remove all marketable coal, on a royalty basis, from small stripping areas and culm banks located on your Company's lands in the vicinity of Alliance Breaker for preparation at that Breaker.

The Maryd Coal Mining Company, Inc., was granted the right to remove marketable coal, on a royalty basis, from culm banks and other surface deposits on certain lands of your Company in Schuylkill Township, Schuylkill County, Pa., known as the Kentucky Bank and Brockville Tracts, containing together about 1,289 acres. The Lehigh Navigation Coal Company Incorporated, by agreement consented to by your Company, has granted The Maryd Coal Mining Company, Inc., the right to remove coal from the Orchard Vein Stripping, near Coaldale Colliery, on a royalty basis.

Your Company sustained the loss of two valued members of its Board of Managers through the death of Mr. Clarence H. Geist on June 12, 1938, and of Mr. William P. Gest on January 12, 1939.

The Board acknowledges its appreciation of the services rendered by the officers and employees during the year.

By order of the Board of Managers.

ROBERT V. WHITE,
President.

LYBRAND, ROSS BROS. & MONTGOMERY
Certified Public Accountants
PACKARD BUILDING
PHILADELPHIA

February 8, 1939.

Mr. Robert V. White, President,
The Lehigh Coal and Navigation Company,
Philadelphia.

We have made an examination of the balance sheets of
THE LEHIGH COAL AND NAVIGATION COMPANY
AND ITS SUBSIDIARY COMPANIES

other than the Lehigh and New England Railroad Company and its subsidiaries as at December 31, 1938, and of the related statements of income and surplus for the year 1938. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence, including the verification, by inspection or confirmation with depositories or trustees, of the cash and securities owned at December 31, 1938, and obtained information and explanations from officers and employees of the companies. We also made a general review of their accounting methods and of the operating and income accounts for the year, but we did not make detailed audits of the transactions.

The consolidated balance sheet of the Lehigh and New England Railroad Company and its subsidiaries as at December 31, 1938, and the related statements of income and profit and loss for the year 1938 were examined by Messrs. Haskins & Sells, and their certificate indicates the scope of their examination to have been equivalent to that outlined above.

In our opinion, based upon such examinations, the accompanying balance sheets and notes and related statements of income and surplus and schedules, fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the position of The Lehigh Coal and Navigation Company at December 31, 1938, and the results of its operations for the year ended that date, in conjunction with the consolidated statements presented; also the consolidated position of The Lehigh Coal and Navigation Company and its Subsidiary Companies at December 31, 1938, and the consolidated results of their operations for the year ended that date.

LYBRAND, ROSS BROS. & MONTGOMERY

THE LEHIGH COAL AND
GENERAL BALANCE SHEET

ASSETS :

CURRENT ASSETS :

Cash	\$927,511.53		
Notes receivable		673.00	
Sundry debtors	\$160,510.00		
Less reserve for accounts doubtful of collection	9,809.43		
		150,700.57	
Materials and supplies		16,747.71	
		-	\$1,095,632.81

INVESTMENTS :

Bonds and stocks, affiliated companies (Note 1) . .	\$14,592,791.66		
(Includes bonds and stocks pledged, aggregat- ing \$9,202,427.80)			
Loans to affiliated companies (Note 1)	6,538,910.48		
Other investments (Note 2)	3,514,457.73		
		-	24,646,159.87

FIXED ASSETS :

Coal lands and mining property	\$24,592,994.37		
Railroads, canal and other fixed assets	19,670,378.57		
		-	44,263,372.94

DEFERRED ASSETS:

Advances for expenses, affiliated companies	\$1,179,299.64		
Suspended debit accounts	413,786.40		
		-	1,593,086.04

\$71,598,251.66

NOTES:

1. Bonds, stocks and loans, affiliated companies, included the following:			
Stock of Lehigh Navigation Coal Company Incorporated (Stated value \$3,172,949.07)		\$3,520,977.06	
Loans to Lehigh Navigation Coal Company Incorporated		2,625,000.00	
		-	\$6,145,977.06
Stock of Greenwood Corporation (Stated value \$1,250,000)		\$1,250,000.00	
Loans to Greenwood Corporation		2,290,785.00	
		-	\$3,540,785.00
		-	\$9,686,762.06

- At December 31, 1938, Lehigh Navigation Coal Company Incorporated reports an accumulated deficit of \$1,065,077.35, and Greenwood Corporation, on a consolidated basis, \$1,332,925.47. However, the Company's equity in the net assets of all subsidiaries as shown by their books of account as at December 31, 1938, is approximately \$2,222,000 in excess of the amount at which the investments therein are carried by the parent company.
2. Of these investments, certain securities aggregating \$2,868,070.71, amount to \$5,785,000 based on market quotations at December 31, 1938. The remaining securities included herein are not quoted.

NAVIGATION COMPANY

DECEMBER 31, 1938

LIABILITIES:

CURRENT LIABILITIES:

Audited vouchers and pay rolls.....	\$83,738.54	
Accrued taxes.....	354,270.93	
Matured and accrued interest on funded debt.:.	508,300.00	
Dividends unclaimed.....	28,715.86	
Affiliated companies.....	40,057.00	
		\$1,015,082.33

FUNDED DEBT:

Outstanding.....	\$37,112,000.00	
Less treasury bonds:		
Pledged.....	\$400,000.00	
Unpledged.....	13,898,000.00	
	14,298,000.00	
(Payments to sinking funds due in 1939 aggregate \$67,136.73)	-	22,814,000.00

DEFERRED LIABILITIES:

Suspended credit accounts.....		109,007.29
--------------------------------	--	------------

RESERVE ACCOUNTS:

Depreciation.....	\$7,486,356.15	
Depletion, since December 1, 1937.....	58,410.75	
Taxes.....	344,367.16	
		7,889,134.06

\$31,827,223.68

CAPITAL STOCK AND SURPLUS:

Capital stock:		
1,929,100 shares without par value.....	}	\$32,152,116.67
9 shares, \$50 par value.....		
*(Exchangeable for 27 shares, with- out par value).....		
Earned surplus (Notes 1 and 2).....	7,618,911.31	
		39,771,027.98
		<u>\$71,598,251.66</u>

THE LEHIGH COAL AND NAVIGATION COMPANY
INCOME ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 1938

REVENUES :	
Railroad rental	\$2,295,027.72
Dividends	567,585.50
Interest charged to Lehigh Navigation Coal Com- pany Incorporated	36,340.62
Interest, other	90,420.58
Coal royalties charged to Lehigh Navigation Coal Company Incorporated	248,854.14
Coal royalties, other	86,297.67
Canal revenue	48,356.42
Miscellaneous	179,788.75
	<u>\$3,552,671.40</u>
EXPENSES:	
Interest	\$1,016,728.36
Taxes other than Federal income tax	780,408.63
Depreciation and depletion	383,887.90
Canal operation	76,626.76
Operating expenses	150,618.59
General expenses	183,887.46
	<u>2,592,157.70</u>
	\$960,513.70
Provision for Federal income tax	59,675.76
	<u>\$900,837.94</u>
Net income	

THE LEHIGH COAL AND NAVIGATION COMPANY
EARNED SURPLUS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 1938

Balance, January 1, 1938	\$6,850,154.85
Net income for the year ended December 31, 1938, as annexed	900,837.94
Miscellaneous adjustments	60,831.22
	<u>\$7,811,824.01</u>
DIVIDEND:	
1938 Dec. 24, \$.10 per share on 1,929,127 shares	192,912.70
	<u>\$7,618,911.31</u>
Balance, December 31, 1938	

THE LEHIGH COAL AND NAVIGATION COMPANY

DIVIDENDS RECEIVED

DURING THE YEARS ENDED DECEMBER 31, 1938
AND 1937, RESPECTIVELY

	1938	1937		
National Power & Light Company, Common	\$420,000.00	\$420,000.00		
Lehigh and New England Railroad Company.	67,985.00	67,985.00		
Lehigh and Hudson River Railway Company.	42,138.00	46,820.00	Decrease	\$4,682.00
Wilkes-Barre and Scranton Railway Company.	25,000.00	25,000.00		
Allentown Terminal Rail- road Company.	11,250.00	11,250.00		
Glen Alden Coal Company. . .	750.00	1,000.00	Decrease	250.00
Lehigh and Wilkes-Barre Coal Company of New Jersey (Liquidating).	462.50	375.00	Increase	87.50
	<u>\$567,585.50</u>	<u>\$572,430.00</u>	Decrease	<u>\$4,844.50</u>

THE LEHIGH COAL AND NAVIGATION

CONSOLIDATED BALANCE

ASSETS :		
CURRENT ASSETS :		
Cash.....	\$2,435,377.21	
Customers' notes and accounts receivable, less reserve for accounts doubtful of collection. .	2,636,133.36	
Coal (in storage and in transit).....	1,092,047.46	
Materials and supplies.....	764,848.70	
Sundry debtors.....	433,518.57	
Working funds.....	63,048.00	
		\$7,424,973.30
INVESTMENTS :		
Free (Note 1).....	\$3,698,891.07	
Pl e d g e d.....	222,500.00	
		3,921,391.07
FIXED ASSETS :		
Coal lands, mining and marketing property. . . .	\$29,900,369.07	
Canal property (Note 2).....	3,736,239.78	
Railroad property.....	40,874,701.11	
Water property.....	3,289,846.24	
Real estate.....	946,099.36	
		78,747,255.56
DEFERRED ASSETS :		
Stripping expenses deferred.....	\$3,127,164.08	
Less reserve for stripping expenses.....	1,515,356.08	
		\$1,611,808.00
Deferred and suspended accounts.....	1,054,975.88	
		2,666,783.88
SINKING FUNDS, CASH.....		8,219.48
		\$92,768,623.29

NOTES :

1. Of these investments, certain securities aggregating \$2,868,070.71 amount to \$5,785,000, based on market quotations at December 31, 1938. The remaining securities included herein are not quoted.
2. Canal property includes \$1,619,870.64 representing the ledger value of the canal property of the Delaware Division Canal Company, as carried on its books of account. The capital stock of the Canal Company has a par value of \$1,603,450 and is carried in the investment account of The Lehigh Coal and Navigation Company at \$281,910.51. The difference of \$1,321,539.49 is included in capital surplus.

COMPANY AND SUBSIDIARY COMPANIES

SHEET, DECEMBER 31, 1938

LIABILITIES:

CURRENT LIABILITIES :

Audited vouchers and pay rolls.	\$1,353,387.00	
Sundry creditors.	99,846.85	
Accrued taxes.	691,636.73	
Matured and accrued interest.. . . .	616,601.18	
		\$2,761,471.76

FUNDED DEBT:

Outstanding.	\$46,421,474.72	
Less treasury bonds :		
Pledged.	\$400,000.00	
Unpledged.	13,898,000.00	
	14,298,000.00	
(Notes, equipment obligations and payments to sinking funds due in 1939 aggregate \$398,074.17)		32,123,474.72

MORTGAGES PAYABLE (Installments aggregating \$6,500 due in 1939)..... 254,125.00

DEFERRED LIABILITIES :

Compensation claims determined.	\$180,163.42	
Deferred and suspended accounts.	331,762.14	
		511,925.56

RESERVE ACCOUNTS:

Depletion, since December 1, 1937.	\$58,410.75	
Depreciation.	13,864,666.17	
Workmen's compensation insurance.	73,120.45	
Taxes.	344,367.16	
		14,340,564.53
MINORITY INTERESTS.....		48,193.34

\$50,039,754.91

CAPITAL STOCK AND SURPLUS:

Capital stock, authorized 3,000,000 shares:

Issued :		
1,929,100 shares without par value.		
9 shares, \$50 par value.	\$32,152,116.67	
(Exchangeable for 27 shares without par value stock) }		

SURPLUS:

Capital-represents net excess of par values of stocks and bonds of subsidiary companies over amount at which carried on the books of the parent company, net of goodwill of certain other subsidiaries eliminated (Note 2). \$2,202,377.88		
Appropriated under rulings of In- terstate Commerce Commission.	51,621.56	
Appropriated-Sinking fund re- serves.	41,999.31	
Funded debt retired through in- come and surplus.	208,452.25	
Earned surplus, as annexed (Note 1)	8,072,300.71	
	10,576,751.71	
		42,728,868.38
		<u>\$92,768,623.29</u>

THE LEHIGH COAL AND NAVIGATION COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED INCOME ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1938

Gross earnings..		\$19,618,929.34
Operating expenses, including provision for workmen's compensation and uncollectible accounts.		18,555,122.18
		\$1,063,807.16
Railroad rental..	\$2,345,702.98	
Dividends.	474,600.50	
Interest.	16,132.10	
Miscellaneous.	57,394.05	
		2,893,829.63
		\$3,957,636.79
Taxes, other than Federal income and excess-profits taxes..	\$1,372,393.72	
Depreciation and depletion.	833,669.74	
Interest.	1,406,145.69	
General expenses.	284,496.39	
		3,896,705.54
Profit before provision for Federal income taxes.		\$60,931.25
Provision for Federal income taxes.		105,714.95*
		\$44,783.70
Net income apportioned to minority interests.		2,031.36
Loss of The Lehigh Coal and Navigation Company and subsidiaries.		\$46,815.06

* Provision computed under individual tax returns of certain companies included in the consolidation.

THE LEHIGH COAL AND NAVIGATION COMPANY
AND SUBSIDIARY COMPANIES

CONSOLIDATED EARNED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1938

Balance, January 1, 1938.....		\$8,436,444.25
Loss for the year ended December 31, 1938, as annexed.....		46,815.06
		<u>\$8,389,629.19</u>
Assets written off or abandoned.....	\$123,623.03	
Surplus appropriated for sinking fund.....	42,659.83	
	<u>\$166,282.86</u>	
Sundry adjustments, net.....	42,024.04	
	<u>124,258.82</u>	
		<u>\$8,265,370.37</u>
Dividends paid.....		192,927.70
		<u>\$8,072,442.67</u>
Adjustment for minority interests, &c.....		141.96
		<u>141.96</u>
Balance, December 31, 1938.....		<u><u>\$8,072,300.71</u></u>

THE LEHIGH COAL AND NAVIGATION COMPANY AND SUBSIDIARY COMPANIES
STATEMENT OF FUNDED DEBT OUTSTANDING, DECEMBER 31, 1938

	<i>Dates of Maturity</i>	<i>Rates</i>	<i>In Hands of Public</i>
THE LEHIGH COAL AND NAVIGATION COMPANY:			
Funding and Improvement Fifty Year Gold Bonds.....	1948 Jul 1	4 pct.	\$3,487,000.00
Consolidated Mortgage Sinking Fund Gold Bonds.....	1954 Jan 1	4½ “	\$33,625,000.00
Less amount of Company's bonds in treasury.....			14,298,000.00*
			19,327,000.00
* Treasury bonds aggregating \$400,000 pledged.			
SUMMIT HILL WATER COMPANY:			
General Mortgage Sinking Fund Bonds.....	1955 Jan 1	5½ pct.	\$29,300.00
Less amount of Company's bonds in treasury.....			4,600.00
			24,700.00
LEHIGH AND NEW ENGLAND RAILROAD COMPANY:			
Mortgage Bonds:			
General Mortgage, Series "A".....	1965 Apr 1	4 pct.	\$6,279,000.00
First Mortgage (not redeemable).....	1945 Jul 1	5 “	1,000,000.00
			7,279,000.00
Serial Notes, Issue of 1936.....	1939 Sep 1 to 1943 Sep 1	Various	710,000.00
Equipment Trust Obligations.....	Various	Various	\$1,157,000.00
Loan payable to American Car and Foundry Company for bulk cement cars.....			138,774.72
(\$2,478.12 to be paid on the 17th of each month); interest at the rate of 3 pct. per annum			
			1,295,774.72
			\$32,123,474.72

THE LEHIGH COAL AND NAVIGATION COMPANY

SECURITIES OWNED, DECEMBER 31, 1938

3,000 shs.	Capital stock Allentown Iron Company, par value per share \$41.60
*4,500	" Capital stock Allentown Terminal Railroad Company, par value per share \$50
200	" Capital stock Blue Ridge Real Estate Company (10 pct. paid), par value per share \$50
*32,069	" Capital stock Delaware Division Canal Company of Pennsylvania, par value per share \$50
2,000	" Capital stock Glen Alden Coal Company, no par value
25,000	" Capital stock Greenwood Corporation, no par value
50,000	" Capital stock Lehigh Navigation Coal Company Incorporated, no par value
9,364	" Capital stock Lehigh & Hudson River Railway Company, par value per share \$100
*135,970	" Capital stock Lehigh & New England Railroad Company, par value per share \$50
500	" Capital stock Lehigh & Wilkes-Barre Coal Company of New Jersey, no par value
100	" Capital stock Monroe Water Supply Company (10 pct. paid), par value per share \$50
700,000	" Capital stock National Power & Light Company common, no par value
*28,372	" Capital stock Nesquehoning Valley Railroad Company, par value per share \$50
*7,000	" Capital stock Panther Valley Water Company, par value per share \$100
2,475	" Capital stock Summit Hill Water Company, par value per share \$10
*2,600	" Capital stock Tresckow Railroad Company, par value per share \$50
*10,000	" Capital stock Wilkes-Barre & Scranton Railway Company, par value per share \$50
*\$384,000	Par value Panther Valley Water Company General Mortgage Sinking Fund 6 pct. Gold Bonds, due 1943
500,000	Wilkes-Barre & Scranton Railway Company First Mortgage 4½ pct. Gold Bonds, extended to May 1, 1948
	Mortgages and miscellaneous securities
	Book value of the above \$18,107,249.39

* **Pledged, with** the exception of qualifying shares, under the mortgages of The Lehigh Coal and Navigation Company.

YOUR COMPANY'S

continued success is a matter of *great* interest
TO YOU

You can benefit both yourself and your Company by using coal produced by its subsidiary, the Lehigh Navigation Coal Company Incorporated.

The anthracite mined and sold by this Company is known as OLD COMPANY'S LEHIGH.

Formed millions of years ago in an area where the greatest pressure was exerted, Old Company's Lehigh is harder, more compact and filled with **more heat** units than other anthracites.

Compared to other forms of fuel you enjoy more healthful comfort and convenience . . . more comfort because of the even, steady supply of heat this premium fuel delivers . . . more convenience because each charging of your furnace burns steadier, longer, and gives more even heat.



There are today many good domestic mechanical stokers. Coal-burning **equipment** has been modernized, streamlined, and made **more** efficient and practical than ever before. Our engineers will **assist** you in the selection of the type best suited to your needs.

Ask for Old Company's Lehigh by name . . . the Old Company dealer displays the familiar trade-mark, or, if you wish, our nearest office will put you in touch with a reliable dealer.

Main Office:

1421 GHESTNUT STREET, PHILADELPHIA, PA.

Phone: RITtenhouse 7511

Branch and Sales Offices:

145 LIBERTY STREET, NEW YORK, N. Y. - Barclay 7-0484

THIRD NATIONAL BANK BUILDING, SPRINGFIELD, MASS. - Springfield 4 - 5697

J. W. DYKSTRA & CO. Hammond Building, Detroit, Mich. Cadillac 5554

SHIPPERS FUEL CORP. 111 W. Washington St., Chicago, Ill. Randolph 8282

GEORGE HALL CORP. 502-504 Riverside Ave., Ogdensburg, N. Y. Ogdensburg 60

THE CENTRAL WEST COAL CO. Brunson Building, Columbus, Ohio. Adams 1295

ANNUAL REPORT OF LEHIGH NAVIGATION COAL COMPANY INCORPORATED

The results of the operations of Lehigh Navigation Coal Company Incorporated for the year 1938, after deduction for interest, taxes, other fixed charges and royalties, show a net loss of \$1,050,547.97. The year was an unsatisfactory one for anthracite producing companies. While prices were somewhat higher than in 1937, they were still, due to competitive conditions, much lower than in 1936 and prior years.

The Balance Sheet as at December 31, 1938, and the related Income and Deficit Accounts of Lehigh Navigation Coal Company Incorporated, together with the report of the Company's auditors, Messrs. Lybrand, Ross Bros. & Montgomery, Certified Public Accountants, will be found on pages 27 to 29.

The production of commercial anthracite by the Company for the year was 2,413,761 net tons, a decrease of 95,187 net tons, or 3.79 per cent., as compared with the combined commercial production for the year 1937 of this Company and of Lehigh Navigation Coal Company, this Company's predecessor in the operation of the mines now operated by this Company. There were sold during the year 2,424,869 net tons, a decrease of only 19,061 net tons, as compared with the combined sales of this Company and Lehigh Navigation Coal Company during the previous year. The production from the Company's lands by lessees was 7,277 net tons. The production of coal by the Industry was approximately 14 per cent. less than in 1937. Mild weather prevailed throughout the year, the average winter temperatures being the highest since 1931. The industrial depression which developed early in the year is probably responsible jointly with the mild weather for this very large decrease in total anthracite production.

There were fewer strikes at the Company's operations than in previous years. The only strike of any duration was one of sixteen days in May, as the result of a dispute over a matter of minor importance. The ability of the Company to meet market demands while this strike was in progress was not seriously affected. While

there has been some improvement, there is still strong resistance on the part of the mine workers to all efforts to operate the mines more economically. This attitude must be changed in the very near future, in view of the handicaps under which this Company operates as compared with producers in other areas of the Anthracite Field, and in view of the low prices of competing fuels.

The present agreement between the anthracite operators and the United Mine Workers of America expires on April 30, 1939. In negotiating a new agreement, the mine workers must be made to understand that the competition of other fuels requires adjustments which will reduce the cost of producing anthracite.

As reported last year, this Company rejected the new Workmen's Compensation Act, which went into effect on January 1, 1938, for the reason that the new Act increased costs to such an extent that compliance with it was deemed impossible. Throughout the year the Company has voluntarily paid compensation to injured employees equivalent to that provided for in the Workmen's Compensation Act which was in effect prior to the passage of the new Act. This arrangement has been satisfactory to injured employees and is appreciated by them.

On January 1, under the provisions of the social security laws, the tax imposed on this Company for unemployment compensation insurance was further increased one per cent. of the payrolls, or approximately three cents per ton. The total taxes imposed on this Company for old age pensions and unemployment insurance now amount to nearly twelve cents per ton.

An excise tax, amounting to approximately twenty cents per ton, levied by the Canadian Government on anthracite imported into Canada, was one of the items that was abrogated by the new trade treaty between the United States and Canada, signed November 17, 1938. This tax, however, will not actually be removed until action is taken by the Canadian Parliament. A tariff of fifty cents per ton levied by Canada on imports of American anthracite was left unchanged by the trade treaty.

Bootleg mining of coal from the lands of the companies in the Southern Anthracite Field continued. It is believed that the rate of

production of this coal has diminished, due in part to restrictions placed by neighboring states on its transportation into their territories, and also because of partial exhaustion of the more easily mined areas. The Commission appointed by Governor Earle to study bootleg mining and other problems of the anthracite industry made a report to the Governor during the year and bills were introduced in the Legislature designed to put their findings into effect. These proposed enactments were opposed by the producers and also by the public in parts of the Anthracite Region. A committee of the Legislature studied the bills, held public hearings on them, and came to the conclusion that they were impracticable. They then failed of enactment.

The properties of the Company were fully maintained throughout the year, and development work necessary to maintain production was carried on. Improvements chargeable to capital consisted only of rebuilding of equipment, purchase of some necessary new equipment, and additions in the breakers to improve preparation. A new preparation machine, developed by the du Pont Company, to prepare No. 4 buckwheat, or anthrafine, was erected in Tamaqua Breaker for test purposes. Experimental work necessary to perfect the machine was still in progress at the end of the year.

Effective June 23, 1938, Mr. Walter L. Banta, General Sales Manager, was elected Vice-President of the Company, in addition to his position as General Sales Manager.

Borrowings from The Lehigh Coal and Navigation Company during the year to meet current expenses increased \$325,000 to \$2,625,000. Accounts owing to The Lehigh Coal and Navigation Company for royalty, interest, power and other items at the end of the year amounted to \$1,106,541.40, an increase of \$890,824.80.

Anthracite Industries, Incorporated, continued to promote for the Industry the development and sales of modern anthracite burning equipment. The three-year agreement under which that company was formed by certain of the anthracite producing companies, including this Company, expires on May 31, 1939. This Company has agreed to continue its subscription for another year provided that the other subscribers also agree to continue. Anthracite Industries, In-

corporated, is conducting a campaign to raise funds from the public in the Anthracite Region and from the mine workers, to which it will add its own subscription, to provide an adequate anthracite exhibit at the New York World's Fair. The exhibit will cost approximately \$200,000. A cooperative effort of this kind is a hopeful sign in the I n d u s t r y .

Negotiations pending since last August have resulted in an agreement for the lease of Nesquehoning Colliery, for the term of five years, beginning February 16, 1939, to the Edison Anthracite Coal Company, of Scranton, Pa., a subsidiary of the Temple Coal Company. This lease, by opening new markets for coal mined at Nesquehoning, should increase the total production of the Company's mines and result in reduction of operating costs.

The Board acknowledges its appreciation of the services rendered by the officers and employees during the year.

By order of the Board of Directors.

J. B. WARRINER,
President.

PHILADELPHIA, PA. ,

February 23, 1939.

LYBRAND, ROSS BROS. & MONTGOMERY

*Certified Public Accountants***PACKARD BUILDING
PHILADELPHIA**

February 8, 1939.

*Mr. J. B. Warriner, President,
Lehigh Navigation Coal Company Incorporated,
Philadelphia.*

We have made an examination of the balance sheet of
LEHIGH NAVIGATION COAL COMPANY INCORPORATED
as at December 31, 1938, and of the related statements of income
and of deficit for the year 1938. In connection therewith, we ex-
amined or tested accounting records of the Company and other
supporting evidence, including the verification, by inspection or con-
firmation with depositories or trustees, of the cash and securities
owned at December 31, 1938, and obtained information and explana-
tions from officers and employees of the Company. We also made a
general review of the accounting methods and of the operating and
income accounts for the year, but we did not make a detailed audit
of the transactions.

In our opinion, based upon such examination, the accompanying
balance sheet and related statements of income and of deficit fairly
present, in accordance with accepted principles of accounting con-
sistently maintained during the year under review, its position at
December 31, 1938, and the results of its operations for the year
ended that date.

LYBRAND, ROSS BROS. & MONTGOMERY

LEHIGH NAVIGATION COAL COMPANY INCORPORATED

BALANCE SHEET, DECEMBER 31, 1938

ASSETS :

CURRENT ASSETS:

Cash.....		\$336,590.88	
Customers' accounts and loans receivable.....	\$1,415,588.01		
Less reserve for accounts doubtful of collection.....	346,412.09	1,069,175.92	
Sundry debtors.....		11,886.01	
Coal stock.....		778,587.52	
Materials and supplies.....		358,148.81	\$2,554,389.14

INVESTMENTS:

Capital stock of and advances to wholly owned subsidiaries.....	\$453,038.13		
Less reserve for shrinkage in value of investments.....	348,038.13	105,000.00	
Other.....		21,483.19	126,483.19

FIXED ASSETS:

Plant, coal mining and marketing property.....	\$3,930,504.29		
(Principally located on lands leased from The Lehigh Coal and Navigation Company)			
Less reserve for depreciation.....	1,751,426.07	2,179,078.22	

DEFERRED ASSETS :

Accounts receivable, subsidiary and affiliated companies.....	\$1,665,302.52		
Stripping expenses deferred.....	1,723,790.72		
Suspended debit accounts.....	401,621.61	3,790,714.85	
			<u>\$8,650,665.40</u>

LIABILITIES :

CURRENT LIABILITIES :

Audited vouchers and pay rolls.....	\$638,236.03		
Accounts payable, affiliated companies.....	71,598.28		
Sundry creditors.....	33,669.23		
Accrued taxes.....	166,566.11	\$910,069.65	
Accounts payable, The Lehigh Coal and Navigation Company..	\$1,106,541.40		
Advances, The Lehigh Coal and Navigation Company..	2,625,000.00	3,731,541.40	

DEFERRED LIABILITIES :

Compensation claims determined.....	\$180,163.42		
Suspended credit accounts.....	199,814.02	379,977.44	

RESERVE ACCOUNTS:

Workmen's compensation insurance reserve.....	\$5,849.11		
For stripping expenses.....	1,515,356.08	1,521,205.19	
			<u>\$6,542,793.68</u>

CAPITAL :

Capital stock, 50,000 shares, without par value..	\$3,000,500.00		
Capital surplus.....	172,449.07		
	\$3,172,949.07		
Deficit, as annexed.....	1,065,077.35	2,107,871.72	
			<u>\$8,650,665.40</u>

LEHIGH NAVIGATION COAL COMPANY INCORPORATED

INCOME ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 1938

Coal: Revenue (including sales to affiliated companies).....		\$10,814,514.71	
Expenses.. .. .	\$11,358,206.01		
Depreciation.	90,394.04		
			<u>11,448,600.05</u>
Loss before general expenses, taxes and interest.			\$634,085.34
General expenses, taxes and interest:			
General and administrative expenses.	\$73,737.47		
Taxes.....	306,347.54		
Interest expense.	36,377.62		
			<u>416,462.63</u>
Loss for the year ended December 31, 1938.			<u>\$1,050,547.97</u>

LEHIGH NAVIGATION COAL COMPANY INCORPORATED

DEFICIT ACCOUNT

Deficit, January 1, 1938.		\$15,129.66	
Loss for year ended December 31, 1938, as annexed.		1,050,547.97	
			<u>\$1,065,677.63</u>
Miscellaneous adjustments.		600.28	
Deficit, December 31, 1938.			<u><u>\$1,065,077.35</u></u>

ANNUAL REPORT OF
LEHIGH AND NEW ENGLAND RAILROAD COMPANY

The Net Income of the Lehigh and New England Railroad Company for the year 1938 was \$337,798.34, a decrease of \$45,145.51, as compared with the previous year. This result was very creditable in view of the results of many railroads and of the decreased tonnage of the Lehigh and New England Railroad Company as compared with the previous year.

The Consolidated Balance Sheet and the Statements of Income and Profit and Loss of this Company as of December 31, 1938, together with a report of the Company's auditors, Messrs. Haskins & Sells, Certified Public Accountants, will be found on pages 33 to 38.

The following statement shows the Revenue Freight Traffic during the year as compared with 1937:

	1938	1937		<u>Net Tons</u>
	<u>Net Tons</u>	<u>Net Tons</u>		
Anthracite Coal.	3,217,800	3,185,488	Increase	32,312
Bituminous Coal.	1,054,128	1,404,211	Decrease	350,083
Cement.	1,259,950	1,320,359	Decrease	60,409
Miscellaneous.	536,269	801,893	Decrease	265,624
Total.	<u>6,068,147</u>	<u>6,711,951</u>	Decrease	<u>643,804</u>

A dividend of 50 cents per share was paid during the year on the 136,000 shares of capital stock outstanding, amounting to \$68,000.00.

We record, with sorrow, the death of Mr. Rollin H. Wilbur, former Vice-President and General Manager of this Company, on September 6, 1938.

The Board acknowledges its appreciation of the services rendered by the officers and employees during the year.

By order of the Board of Directors.

ROBERT V. WHITE,
President .

PHILADELPHIA, PA. ,
February 23, 1939.

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

67 BROAD STREET
NEW YORK

ACCOUNTANTS' CERTIFICATE

Lehigh and New England Railroad Company:

We have made an examination of the consolidated balance sheet of Lehigh and New England Railroad Company and its subsidiaries, Campbell Hall Connecting Railroad Company and Pochuck Railroad Company, as of December 31, 1938, and of the statements of income and profit and loss of the Lehigh and New England Railroad Company for the year 1938. In connection therewith, we examined or tested accounting records of the companies (which consistently have been kept in accordance with the classification of accounts prescribed by the Interstate Commerce Commission) and other supporting evidence. Such examination included the verification, by inspection or confirmation of depositaries or trustees, of the cash and securities owned at December 31, 1938. We also made a general review of the operating and income accounts for the year.

In our opinion, based upon such examination, the accompanying consolidated balance sheet of the Company and subsidiaries, and statements of income and profit and loss fairly present the financial condition at December 31, 1938, and the results of operations for the year ended that date.

HASKINS & SELLS**NEW YORK,**

January 25, 1939.

LEHIGH AND NEW ENGL
AND SUBSIDIA
CONSOLIDATED GENERAL BALAN

ASSETS

INVESTMENTS:

Road and equipment:

Road.....	\$14,682,590.33
Equipment.....	6,987,310.41
General expenditures.....	239,710.70

Total road and equipment.....	\$21,909,611.44
Sinking funds-general mortgage bonds.....	364.40
Miscellaneous physical property.....	37,102.99
Investments in affiliated companies-advances..	37,076.70

Other investments:

Stocks.....	\$5,500.00
Bonds.....	5,000.00
Advances.....	82,073.45

Total other investments.....	92,573.45
------------------------------	-----------

Total investments.....	\$22,076,728.98
------------------------	-----------------

CURRENT ASSETS:

Cash.....	\$809,459.83
Traffic and car-service balances receivable.....	210,422.02
Net balance receivable from agents and conductors.....	51,253.74
Miscellaneous accounts receivable.....	30,164.58
Material and supplies.....	373,726.21
Interest and dividends receivable.....	246.89
Other current assets.....	25.87

Total current assets.....	1,475,299.14
---------------------------	--------------

DEFERRED ASSETS:

Working fund advances.....	\$3,000.00
Insurance and other funds (Deposit-State Industrial Commission, New York).....	20,196.88
Other deferred assets.....	44,208.39

Total deferred assets.....	67,405.27
----------------------------	-----------

UNADJUSTED DEBITS:

Rents and insurance premiums paid in advance..	\$4,585.90
Discount on funded debt.....	120,616.10
Other unadjusted debits.....	76,855.45

Total unadjusted debits.....	202,057.45
------------------------------	------------

Total.....	<u>\$23,821,490.84</u>
------------	------------------------

AND RAILROAD COMPANY
RY COMPANIES

CE SHEET, DECEMBER 31, 1938

LIABILITIES

CAPITAL STOCK:

Lehigh and New England Railroad Company....	\$6,800,000.00	
Campbell Hall Connecting Railroad Company— minority interest.....	3,100.00	
Total capital stock.....		\$6,803,100.00

GOVERNMENTAL GRANTS—Grants in aid of construction..... 20,066.80

FUNDED DEBT UNMATURED:

Mortgage bonds.....	\$7,279,000.00	
Equipment obligations.....	1,295,774.72	
Serial notes, issue of 1936.....	710,000.00	
Total funded debt unmatured.....		9,284,774.72

CURRENT LIABILITIES:

Traffic and car-service balances payable.....	\$234,530.87	
Audited accounts and wages payable.....	153,148.74	
Interest matured unpaid.....	25,370.00	
Unmatured interest accrued.....	80,512.68	
Other current liabilities.....	42,686.10	
Total current liabilities.....		536,248.39

DEFERRED LIABILITIES—OTHER..... 8,020.32

UNADJUSTED CREDITS:

Tax liability (including companies' estimate of Federal taxes).....	\$107,323.93	
Premium on funded debt.....	14,233.23	
Insurance and casualty reserves.....	56,896.44	
Accrued depreciation—equipment.....	3,275,434.92	
Other unadjusted credits.....	100,656.15	
Total unadjusted credits.....		3,554,544.67

CORPORATE SURPLUS:

Additions to property through income and surplus	\$51,621.56	
Funded debt retired through income and surplus..	121,086.98	
Sinking fund reserves.....	34,144.23	
Total appropriated surplus.....	\$206,852.77	
Capital Surplus.....	*566,899.00	
Profit and loss balance.....	2,840,984.17	
Total corporate surplus.....		3,614,735.94
Total.....		<u>\$23,821,490.84</u>

NOTES: *Represents excess of par value of securities of subsidiary companies over the value carried on the books of Lehigh and New England Railroad Company.

No provision, other than in corporate surplus, is made in the above Consolidated General Balance Sheet for \$33,779.83 (representing 10% of net income for the year ended December 31, 1938) to be paid into the general mortgage sinking fund on March 1, 1939.

Certain investments in subsidiary companies having a par value of \$638,750.00 and a carrying value of \$73,438.50, eliminated in consolidation, are pledged under the general mortgage securing the Lehigh and New England Railroad Company's 4% bonds.

LEHIGH AND NEW ENGLAND RAILROAD COMPANY
STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1938 AND 1937, AND COMPARISON

	Year ended December 31		Increase Decrease
	1938	1937	
RAILWAY OPERATING INCOME :			
Railway operating revenues :			
Freight	\$3,363,074.94	\$3,660,789.62	\$297,714.68
Passenger		1,591.26	1,591.26
All other transportation	13,801.93	11,179.22	2,622.71
Incidental	15,867.26	15,641.13	226.13
Total railway operating revenues	\$3,392,744.13	\$3,689,201.23	\$296,457.10
Railway operating expenses:			
Maintenance of way and structures	\$360,398.60	\$380,225.19	\$19,826.59
Maintenance of equipment	714,534.61	839,710.92	125,176.31
Traffic	82,659.78	80,279.21	2,380.57
Transportation	1,226,225.90	1,349,837.92	123,612.02
General	162,563.67	185,468.79	22,905.12
Transportation for investment— Credit	164.86	119.97	44.89
Total railway operating expenses	\$2,546,217.70	\$2,835,402.06	\$289,184.36
Ratio of operating expenses to operating revenues	75.05 %	76.86 %	1.81 %
Net revenue from railway operations	\$846,526.43	\$853,799.17	\$7,272.74
Railway tax accruals (including Company's estimate of Federal taxes).	\$220,960.87	\$162,240.68	\$58,720.19
RAILWAY OPERATING INCOME	\$625,565.56	\$691,558.49	\$65,992.93
RENT INCOME :			
Hire of freight cars—Credit balance.	\$176,443.23	\$173,290.21	\$3,153.02
Rent from locomotives	2,102.43	2,386.56	284.13
Rent from work equipment	396.31	908.57	512.26
Joint facility rent income	2,487.40	1,496.29	991.11
Total rent income	\$181,429.37	\$178,081.63	\$3,347.74
RENTS PAYABLE :			
Rent for locomotives		\$495.00	\$495.00
Rent for work equipment		130.54	130.54
Joint facility rents	\$101,013.61	114,777.90	13,764.29
Total rents payable	\$101,013.61	\$115,403.44	\$14,389.83
Net rents—Credit	\$80,415.76	\$62,678.19	\$17,737.57
NET RAILWAY OPERATING INCOME— (Forward)	\$705,981.32	\$754,236.68	\$48,255.36

LEHIGH AND NEW ENGLAND RAILROAD COMPANY
STATEMENT OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1938 AND 1937, AND COMPARISON

	Year ended December 31		Increase Decrease
	1938	1937	
NET RAILWAY OPERATING INCOME— (Forward)	\$705,981.32	\$754,236.68	\$48,255.36
OTHER INCOME :			
Miscellaneous rent income.	\$12,479.59	\$13,064.01	\$584.42
Miscellaneous non-operating physical property.	2,859.80	2,422.01	437.79
Income from funded securities.	1,424.63	6,173.98	4,749.35
Income from unfunded securities and accounts.		2,928.62	2,928.62
Income from sinking and other reserve funds.	675.00	705.46	30.46
Release of premiums on funded debt.	2,860.27	2,479.86	380.41
Miscellaneous income.	3,893.70	4,052.28	158.58
Total other income.	\$24,192.99	\$31,826.22	\$7,633.23
TOTAL INCOME.	\$730,174.31	\$786,062.90	\$55,888.59
MISCELLANEOUS DEDUCTIONS FROM IN- COME :			
Miscellaneous rents.	\$69.00	\$38.00	\$31.00
Miscellaneous tax accruals.	505.82	526.92	21.10
Miscellaneous income charges.	17,453.78	24,459.55	7,005.77
Total miscellaneous deductions from income.	\$18,028.60	\$25,024.47	\$6,995.87
INCOME AVAILABLE FOR FIXED CHARGES	\$712,145.71	\$761,038.43	\$48,892.72
FIXED CHARGES :			
Interest on funded debt—Fixed in- terest.	\$369,577.87	\$372,786.56	\$3,208.69
Interest on unfunded debt.	29.24	511.15	481.91
Amortization of discount on funded debt.	4,740.26	4,796.87	56.61
Total fixed charges.	\$374,347.37	\$378,094.58	\$3,747.21
NET INCOME.	\$337,798.34	\$382,943.85	\$45,145.51
DISPOSITION OF NET INCOME:			
Income applied to sinking and other reserve funds.	\$33,779.83	\$38,294.39	\$4,514.56
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.	\$304,018.51	\$344,649.46	\$40,630.95

LEHIGH AND NEW ENGLAND RAILROAD COMPANY

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1938

CREDITS :

Credit balance, January 1, 1938.....		\$2,759,847.53
Credit balance transferred from income.....		304,018.51
Credits from retired road and equipment-Road.....		76.63
Miscellaneous credits:		
Redemption discount on \$41,000.00 principal amount of general mortgage 4% series "A" bonds redeemed.....	\$2,199.20	
Less expenses in connection therewith.....	147.64	
		<u>2,051.56</u>
Unclaimed wages written off.....		44.68
Total.....		<u>\$3,066,038.91</u>

DEBITS :

Dividend appropriations of surplus.....	\$68,000.00	
Debits from retired road and equipment-Road:		
Saylorsburg Branch.....	116,825.26	
Other property.....	6,329.54	
Miscellaneous debits:		
Unextinguished discount on \$41,000.00 principal amount of general mortgage 4% series "A" bonds redeemed.....	808.66	
Uncollectible advances (including \$790.05 ac- crued interest) to New York, Susquehanna & Western Railroad Company for rebuilding bridges, written off.....	32,391.74	
Uncollectible accounts written off.....	588.07	
Debits from retired miscellaneous physical prop- erty.....	87.50	
Expenses of cremating bonds and coupons.....	23.97	
Total.....		<u>225,054.74</u>
CREDIT BALANCE, DECEMBER 31, 1938.....		<u>\$2,840,984.17</u>