Mr. Mackenzie's Charges of *Defalcation*, against the Officers of the Welland Canal Company, COMPLETELY DISPROVED,

By the following REPORT of Messrs. CAMERON & MURRAY, appointed by the Board, to investigate the Books of the Company.

TORONTO, 8th JUNE, 1836.

To the President and Directors of the Welland Canal Company:

GENTLEMEN—In compliance with the request of your President and Secretary, and of the order of your Board of the 4th ult., we have, with the assistance of Mr. Beaton, examined the Books of the Company, from its formation to the close of the year 1835, and now beg to present the result of our investigation, in the accompanying concise Balance Sheet, showing the expenditure on each particular branch, and the receipts of every description. [See Balance Sheet, at the close of this Report.]

In order to arrive at the desired object, viz:—the expenditures of all the monies received by the Company—we found it necessary to make a set of Books, which we herewith present, and which, when taken as a part of the Company's Books, gives a comprehensive Abstract of the whole transactions of the Company.

Our Journal corresponds with the Cash Journal of the Company, and contains the detail of all expenditures, which may be seen at a glance. We took up each item of receipt separately, commencing with Capital Stock; and in following up this plan it was necessary to open accounts in our Leger, with all the parties through whose hands any part of the Company's funds passed. Therefore, our Leger will shew accounts with all the Agents appointed for collecting the subscribed Stock; and to arrive at a true and correct conclusion respecting the expenditure of the monies received by the Company, we traced the same in the various channels through which they passed, until paid to the Contractor or Labourer—consequently, no sum, however small, could escape observation.

We have bestowed considerable time and attention to the expenditure of the Tolls of the years 1830, 1831, 1832 and 1833; and we have no hesitation in saying, that our accounts of them will be found correct. Those of 1830 and 1831, are so merged in the Forwarding Account of those years, that we found it impracticable to make a statement of the amount of expenditure from the funds of the Tolls and Forwarding separately; therefore, we considered them as one fund, and thereby we found Mr. Clark's statement of the transactions respecting the Tolls and Forwarding in these years, correct.

In order to close a number of open accounts in the old Leger, which Mr. Beaton informs us are, with few exceptions, all bad, we opened an account entitled "Outstanding Debts," to which we transferred them; and eventually the Board may determine on closing it, by carrying the balance of it to Profit and Loss.

We recommended Mr. Beaton to bring forward such general accounts as are still open in that Leger, so as to have them all under view at once, which he has done; and now every open account in the old Leger will be seen on five consecutive pages.

Under the head of "General Cash," we have inserted all accounts which were in any way doubtful or disputed, and also such amounts as were twice charged, together with sundry other items, as will be particularly seen from our Journal, folios 44 to 47, which we have placed to a "Suspense Account," and at the pleasure of the Board may be carried to Profit and Loss, as we are of opinion it will be the only way in which said Suspense Account can be closed.

It will also be seen from our Journal, page 48, that the sum of £579 12 3, placed by a single entry in Cash Journal, folio 238, to the credit of George Keefer, Jun. is carried to the debit of General Cash; and there being a balance at the credit of the latter account, in consequence of Mr. Clark having made a number of payments in advance, on the Esti-