

That the sum of \$2,616.00, charged in the said books to the debit of William Hamilton & Son, and made to appear as an asset of the Company, is a sum paid out of the funds of the said Company, in discharge of a note of the said Company, in favor of William Hamilton & Son, and given by order of Mr. Cumberland, and the proceeds of which were paid out for "the expenses and remuneration of various deputations into the country, and local expenses of opposing the Midland Railway Company." It does not appear by the evidence that this purpose was not in the commercial interest of the Northern Railway, or that, in view of such interest, the outlay was excessive;

That a further sum of \$12,593.21, to which our enquiries were directed, consists of the notes of \$2,181.29 and \$10,411.92 respectively, given on the 30th June, 1869, and the 15th April, 1873, by Mr. F. W. Cumberland to the Northern Railway Company, to cover so much of his private account, which he alleges to have been overdrawn—partly in payment of his election expenses as a Parliamentary candidate for Algoma and Cardwell, and partly in payment of his share in the steamer *Chicora*. The sum for the former is \$4,166.90, and which Mr. Cumberland claims the Company should justly have paid.

We find, in connection with the foregoing items of \$2,616, \$2,500, and \$12,593.21 (see Appendix—exhibit 2, filed 25th August, 1876), a journal entry to the following effect:—

Northern Extension Railway, "new account," Dr.

To Sundries, viz:—

To William Hamilton & Son	\$ 2,616 00
D. L. Macpherson.....	2,500 00
Bills receivable.	12,593 21
	\$17,709 21

And, as there appears to have been two sets of books in use—the one containing transactions of the Northern Railway Company (proper), and the other containing transactions of the Extension Companies—the effect of this entry was to expunge these items, as assets, from the books of the Northern Railway Company (proper), and to place them to the debit of an account which did not represent assets, but rather *expenditures*, or, in other words, *losses*, in the books of the Extension Companies.

Simultaneously an entry appears to have been made in the Extension books, as follows:—

Municipal bonus and government subsidies expenses, Dr.

To Northern Railway (new account), viz:

For amounts transferred by Northern Railway Company, being items standing to debit of the following in their books, 30th June, 1875:—

Wm. Hamilton & Son.....	\$2,616 00
D. L. Macpherson.....	2,500 00
Bills receivable.....	12,593 21
	\$17,709 21

The effect of the last entry was to change the nature, as well as the position or location, of these accounts.

Subsequently, on the 29th of February, 1876, a further entry appears to have