system of supervision is having a good effect and that there is now very little if any evasion of the excise tax. The total manufacture included 9,752,456 pounds tobacco produced and excised at 12 cents per pound; 9,220 pounds of cigarettes or cut tobacco in small packages; 3,760 pounds made snuff at 12 cents per pound and 246,560 pounds at 8 cents. There was taken for use in factories 156,000 pounds of Canadian-grown tobacco, but the consumption of this kind in all was three times that quantity. At Joliette alone, 330,600 pounds paid duty during the year, and there are five other points in the province of Quebec where entry was made of native tobacco, the total revenue from which amounted to only $7,367.

Petroleum inspection brought in a revenue of $27,519, the number of packages of Canadian examined having been 189,842, yielding $18,352 and of imported 31,512, yielding $9,168. Then upon vinegar and methylated spirits, which are the articles included under the heading "Manufactures in Bond," (675,285 standard gallons vinegar and 108,524 gallons meth. spirits) there was collected $44,090.

Revenue from the Welland Canal, which in 1844 amounted to $179,642, fell last year to $152,778. On the St. Lawrence Canals the decrease was from $85,247 to $79,842. The Ottawa yielded only $51,692 where the year before it had yielded $60,819. The Rideau and the Chambly also showed lessened returns, the total under Canal Revenue showing a decline from $356,443 in 1884 to $311,577 last year. The decrease was on carriage of corn, coal, and wheat as well as on vessels. In addition to the decreases above mentioned, says the Report, refunds were made of Welland Canal tolls to the amount of $11,281, and St. Lawrence Canals' tolls to the amount of $95. under Orders in Council passed last June and July, "which reduced, very materially, the tolls on grain shipped to Montreal, or Canadian ports east of Montreal, for the present season, in deference to the expressed opinion of those interested in the trade that such a course would increase the traffic."

The tolls from lumber on the Ottawa and Chambly Canals are less by $7,000 than during the previous year, which is attributed to the shipments by Canada Atlantic Railway. And as to Slides and Booms, the accrued revenue from which is less than that of the previous year by 42 per cent. Mr. Miall says: "Three causes have contributed to this result: 1st. The quantity of timber cut was less than the previous year; 2nd. The quantity of square timber carried by rail was greater; and 3rd. There is an increasing disposition to locate the mills nearer to the timber limits, and to transport the sawed lumber by rail."

—The proprietors of cheese factories in Lenox country have decided, according to the Cornwall *Reporter*, not to open their factories until May 10th this year, in order to curtail the make of this season, and allow new goods to go on a bare market. "The example will probably be followed by cheese factories throughout the Eastern district."

STOREKEEPING TO NO PURPOSE.

It is, we believe, perfectly true that a large proportion, if not a majority, of the retail store-keepers in this country, are making too little profit to render them successful merchants. With some, the gross profit possible on their limited turn-over does not pay expenses and yield a living. With others, who do a larger and more active business, the tendency is strong towards reducing prices until profits are nearly wiped out. There are some who do their business well and aim at a living profit. But their road is made a hard one by the folly of their neighbors, who think it smart to "cut prices" and undersell.

Having referred last week to a paper read by Mr. Robert J. Wylie before the Institute of Accountants, on the subject of merchants' profits in Canada, we are now able to give some extracts from the paper itself:

"There are obvious reasons for supposing," premises Mr. Wylie, "that a considerable portion of those engaged in the manufacturing and commercial pursuits in this country have but a vague conception of what constitutes a profit, or how and to what extent it can be obtained. * * Losses are among the certainties of business. Profits uncertain, often unknown.

"It is no uncommon thing to find many men, otherwise intelligent, who consider the amount over the invoice cost of their goods, which they mark as the selling price, to be the profit upon them. Others, the amount realized by the sale in excess of invoice cost. All their calculations are made accordingly, and they hold firmly to their opinion that when they buy an article for $1 and sell it for $1.50 they are making fifty per cent. profit. But another contends that this represents thirty three and a third per cent. profit.

"As a matter of fact such a transaction only represents a return of 50 per cent. advance on the cost, or 33⅓ per cent. on the sale. Both are important factors to be borne in mind when establishing a basis for a profit, but they in no way determine the extent of the profit—or whether there has been *any* profit—until the expense of negotiating the transaction has been computed. There can be no profit in any transaction until not only the cost of the merchandise, but all the charges in connection with the purchase and transportation, the selling and the collection of the proceeds of sale have been taken into account, *as well as* interest on capital invested and the salaries of the principals engaged in the management of the business.

"If the sum realized from the proceeds of the sale of merchandise is not sufficient to cover its cost, and all such expenses as rent, taxes, insurance, salesmen's and clerks' salaries, freights, cartage, discounts, interest, as well as bad debts and depreciation in value of stock on hand, then the result of the business has been a loss to the proprietor instead of a profit. 'Profit' is used to designate the realized balance which goes to increase the nett wealth of the proprietor, after deducting all these charges. And where there is no balance left, there must have been a loss, so far as this enterprise, as such, is concerned. To illustrate this point, I give an example of a business transaction of the most simple form:

Two lads, by the sale of newspapers have saved $1 each, and agree to enter into co-partnership to sell pea-nuts. They invest their savings in a stock of nuts, hire a hand cart and a roaster for 50c. a day. This juvenile firm succeeds in disposing of all the stock purchased the first day for $4. It cost them 25c. each for meals and they had to neglect the sale of newspapers, which had realized them 25c. a day each. After paying for their living this transaction would stand thus:

Sum realized on sales		$4 00
Cost of stock	$2 00	
Paid hire of cart, &c..............	50	
" meals for two	50	
Value of time.....................	50	3 50
Net profit....................		50

which is only 12½% profit, or increase of capital to the proprietor on the transactions of the day, though it represents 25% upon the capital invested, in gross. As this has been a strictly cash transaction, commenced and completed in one day, there is no charge for interest or discount, nothing for collection, and no depreciation, as all the goods are disposed of.

"The Canadian farmer appears to understand the true principle of making profits better than most of our so-called business men. He will sell none of his stock or produce until he can obtain the highest market price, whether his produce is worth it or not. You never heard of a farmer proclaiming from the top of his load of grain in the market that he was offering it at less than the cost of production, or so much cheaper than his neighbor. No; he knows better than to do anything so absurd as that; if he did such a thing his friends would put him under restraint as a lunatic. If he makes any exaggerations about prices and values, and he very frequently does, it is in stating that he always obtains a few cents per pound or bushel *more* for his produce than his neighbors, because his is always superior in some respects.

"What a desirable change it would be in business if our manufacturers, merchants and storekeepers would take an example from their agricultural brother in this respect; the balances on the profit side of the profit and loss account would be more frequent than they have been of late years. Some of the principal requisites to insure a profitable business are:—

1st. That parties must be able to invest the necessary capital in business.

2nd. They must possess a thorough knowledge of every branch and department of the business in which they engage, and devote the whole of their time to it.

3rd. They must adopt and carry out a thorough and accurate system of book-keeping, especially adapted to the nature of the business. Where a record of the history of every item of cash or merchandize received or purchased, sold or paid, is kept in systematic order, so as to be able to trace the exact cost and expense of each transaction, as well as where and when the goods were purchased, and when and to whom sold, how paid for, and in what manner the proceeds have been used or disposed of.

TRADING FOR CASH.

A plea for the cash system is made by the Petrolea *Topic*, which says that the merchants of that place ought to adopt the policy which, in its leading industry, is considered so expedient at the present time, and combine themselves for the purpose of establishing their business upon a purely cash basis, and for other necessary objects. "The system of indiscriminate credit, which has ever characterised the conduct of general business here, has subjected our merchants to the unpleasant necessity of carrying the town through the