

odd, and the money actually received was \$33,600, so that during the year the excess of expenditure over receipts amounted to \$10,500. Against that, however, there were arrears of interest which fell due during the year, but which were not received before June 30th, amounting to \$6,900, and when the whole of that is collected, and it is regarded as collectable, there will be an actual deficit of \$3,600.—I estimate the total revenue for the coming year at \$37,000, and this estimate is made up as follows:—Revenue from investments, on the basis already stated, \$25,000; Government grants, composed of sums received from the Dominion and Provincial Governments, and for the Observatory from the City Council, the Harbour Commissioners, \$5,550; fees from students, estimated upon the number of students attending last year, will amount to close upon \$4,000; subscriptions to the Faculty of Applied Science, \$1,700, but it is fair to state that some of these subscriptions, say, \$1,200, are about to expire, and we have not really a right to call upon the gentlemen to pay them, unless they feel willing to continue their subscriptions. From the College grounds we will receive \$200, and we will receive for subscriptions for Scholarships \$1,600. These sums, deducting the subscriptions to the Faculty of Applied Science which expire during the year, give us a total of \$37,000 as our estimated revenue. The expenditure for the current year I estimate at \$41,800, which is composed of the following items: Administration, which consists of the salaries of the Principal, Registrar and Clerk, office expenses, porters' salaries and such like expenses, \$5,200; salaries in faculty of law, \$4,900; faculty of arts, \$17,550; in science, \$5,550; examiners' fees for the university and for school certificates, \$1,080; library and museum (maintenance and purchase of books, specimens and apparatus, &c.) \$1,800; scholarships and medals, \$2,200; observatory, \$1,300; gymnasium, \$250; sundry items, consisting of water rates, gas, fuel, printing, insurance, repairs, stationery, etc., \$4,900; total, \$41,800. This would leave us during the coming year with a deficiency of somewhat over \$4,800. The amount mentioned in the circular as expected deficiency was \$6,500, but that was, as the circular itself states, the deficit estimated on the recent scale of expenditure, and before certain minor reductions were made at the July meeting of the Governors. These reductions will not during the current year effect a saving of more than

\$1,700, and they are allowed for in the estimate of expenditure just given. Consequently there will certainly be a deficiency during the current year of over \$4,800, and this is liable to be greatly increased when the continuance of the gradual reduction of our returns on investments, to which reference will be made, is considered.—This can only be roughly estimated, but will not be less than \$2,000 more. So that I see the certainty of a deficit of \$6,800 at the close of the current year, even with the reductions made. If those reductions had not been made it must have been \$8,500.

Now, gentlemen, many ask how the governors account for the present position of matters. In answer to such an inquiry I would say there are three causes from which the present position of matters arises. In the first place we have sustained a loss of revenue by the payment during the last two or three years of sums out of our capital; in the second place there is a loss from the fall in rates of interest; and in the third place by the lapse of certain annual subscriptions. The losses by the impairment of our capital consist of the payment of certain large sums of a permanent nature. In the first place there was an item of \$20,000 which we had to pay the Seminary of Montreal for the commutation of the College grounds. The amount was a reduced sum on compromise made a few years ago, but the Seminary allowed us till 1879 without interest, when it had to be paid. That at once, you will see, deprived us of a large revenue producing amount for we had had that \$20,000 invested and yielding us 7 or 8 per cent interest. We also paid the sum of \$6,000 to the city of Montreal as a composition for a large claim for taxes which it had upon the College grounds for a great number of years. The city has been taxing us at heavy rates, and we had contested its right on the ground that our institution was one of Royal foundation and exempt. At the same time the city was desirous of having deeds of the streets laid out upon the College property, McGill College Avenue, Mansfield street, etc. Finally in 1879 an arrangement was made of this long standing question by which the city accepted the sum of \$6,000, instead of the sum which they claimed, and it was, I think, \$26,000, and we gave them deeds of the streets, and they undertook their maintenance. Adding this sum to that paid to the Seminary, and some smaller ones of the same class, gives \$32,000 odd, which thus