

Appendix
(D. D.)

7th May.

easy to show that his inference is not warranted. The result at which he arrives is that "the total decrease of capital since 1843 is £2905 7s 9d $\frac{1}{2}$." But he forgets that during that period considerable sums had been spent on objects to which capital is legitimately applicable. On comparing the assets, as given by the Bursar in 1842, with a similar return for 1845, it appears that there is a great increase in the latter year produced by the completion of the building and by the provision of outfit. In 1842 there had been spent on buildings and outfit, £8731 10s. 5d; of this £6000 were for the building. The balance of the rest of it, more than £4000, was paid in 1843. The outfit in 1845 is stated at £7000, from which it appears that more than £1000 were spent on this during 1843 and 1844. To this also must be added £1000 paid in the latter year on account of materials for the west wing. It appears then that the alleged decrease of capital can be satisfactorily shown not to have been caused by expenditure on current charges, but on legitimate objects.

But the statement as given by the Memorialist in that tabular view is in some respects inaccurate; in the first place, the year 1843 is throughout substituted for 1841 or else 1845 for 1844. The two returns of the Bursar, to which reference is made, extend respectively to December 31st, 1843 and 1844, and therefore give the state of the Endowment at the beginning of 1844 and 1845. Again, the amount of purchase money outstanding in 1845 should be £68,389, not £67,491. For this inaccuracy, however, it is probable that the Memorialist is not responsible, as the latter sum was erroneously given by the Bursar himself when the returns were first submitted to the Council. The same excuse cannot, however, be made for the statement of the Upper Canada College arrears. In this item it is stated by the Memorialist that the capital has been diminished by £2402, the difference between £6402, the amount of those arrears as given by him in the column for the Endowment in 1843, and £4000 the amount given in the column for the Endowment in 1845. That the Memorialist is inaccurate in both these accounts, a reference to the Bursar's returns, from which he professes to derive his information, will show that he has not correctly represented that Officer's statements relative to this item. In the returns furnished to the Land Committee, the following is the Bursar's statement:

Arrears of Upper Canada College.—At the end of 1842, these amounted to £6402 0s. 4d. They have been diminished since; probably as much more will be collected as will produce, per annum, £1000.

The Memorialist had therefore no authority from the returns for stating that the arrears of Upper Canada College were, at the period to which he refers, £6402.

In the returns furnished to the Chancellor and House of Assembly in 1845, these arrears are stated to be £5805 7s. 3d., both by the Collector of the College and the Bursar. The latter indeed, in the estimate of the assets, has made the following entry: "College dues in arrears £5805 7s. 3d.—say £4000." But it is evident that the assertion of the Memorialist, that under this head there has been in one year a diminution of capital to the amount of £2402 is wholly unauthorized by the returns from which he appears to derive his information.

In some of the observations also offered by the Memorialist on different items, the Committee regret to perceive evidence of want of due consideration.

The Memorialist observes in reference to the *Rent Roll*, that "it remains the same in both years, although from the returns it appears that the leased lands are diminished to the extent of 6710 acres," as if he thought that these two facts were incompatible. If he had recollected that in the rents there is a septennial augmentation, and that every year rents are entering on their second or third periods, he would have been at no loss to understand how it might be that although the number of leased lots was diminished yet the rental remained unchanged.

The Committee cannot understand why the Memorialist should have used the term *Rent Roll* as applicable to this head. It certainly is not used in the Bursar's returns, nor is it the proper term for the item as given in these returns. The Bursar does not give an estimated *Rent Roll*, but estimates the receipts for rents; the *Rent Roll* probably much exceeds the estimate, but it is not likely that the receipts will.

The observation of the Memorialist on the outstanding purchase money "no credit has been apparently given for the proceeds of lands sold in 1844," contains an unwarrantable insinuation against the Bursar, whose integrity and accuracy the Committee have no reason to doubt. If the Memorialist had made proper inquiry regarding the subject, previously to hinting his suspicions, he would have found that the amount of purchase money received in that year was about the same as the amount of the proceeds of land sold, and therefore the amount of purchase money outstanding must remain about the same in 1843 and 1844.

But, however, although the Memorialist has failed to prove that the capital has been applied to the payment of current expenses, it is highly important to inquire whether it is the fact that there has been such an application of the capital. It is plain, that strictly speaking, the sums received by transmitting the Endowment into money should be regarded as capital; whilst the rents and interest on instalments due form the annual income. This capital is to be employed in two ways,—either in purchasing profitable investments, or in buying the stock necessary for conducting the business of the establishment, i. e. grounds, buildings and outfit. It is also evident that the annual income consisting of rents and interest on instalments due, may be legitimately expended on current expenses. The Committee subjoin some tabular views, from which, they conceive, it will be apparent that not only has the capital not been applied to pay current expenses, but that a considerable sum has been taken from the annual income, and applied to purposes to which capital is legitimately applicable; for the capital at present in existence in money, securities and stock, is much greater than the amount of capital actually received for the sale of lands during the existence of the Institution.

But it may be said, although the capital has not been encroached upon in any improper way during the past seventeen years, yet the present annual income is inadequate to bear the present charges on it. The Bursar's estimate of income contains ten sources:

- 1.—The interest on investments in Debentures and Bank Stock.
- 2.—The interest and rents from investments in Mortgages and productive Estates.
- 3.—The rents for lands under Lease.
- 4.—The accruing interest on the purchase money outstanding of Lands sold.
- 5.—The interest on arrears due for interest on Purchase Money.
- 6.—The same on arrears due for Rents.
- 7.—The dues for Students in the University.
- 8.—The dues for Scholars in Upper Canada College.
- 9.—The interest on arrears due to Upper Canada College.
- 10.—The annual Grant made by the Legislature to Upper Canada College.

Of these the sources of income which may be regarded as certain, are Nos. 1, 2, 7, 8, and probably 10. Nos. 3, 4, 5, 6, and 9, may be regarded as uncertain.

The advantages of this classification of the sources of income will be apparent when it is remembered that whatever the annual receipts may be the annual charges must be met.

The estimate of the annual income for No. 2 is probably not too high; but there is, however, some uncertainty such as is almost necessarily incidental to the rental of leased property in this country, and indeed this uncertainty is one of the strongest arguments which can be advanced against retaining the present landed Endowment.

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