

"In Outfit 1877, when a large portion of the inland supplies was provided by and packed at Fort Garry, at greater expense than would have been the case if done in London, the amount imported from which place was only \$199,605⁰⁰ at London cost and the charge made on goods packed at Fort Garry being only 2½% instead of 5%, as in the case of Importations from London, no charge being made on Country Produce supplies, such as Flour and Pemican, the total charge for handling made by the Depôt amounted only to \$17,474⁷³ against \$54,511⁷³ in 1876, which consequently affected the amount unfavourably, resulting in a loss of \$36,405⁰⁰. The apparent increase in the charge against the Depôt arises from the fact that at the close of Outfit 1876, the date of taking Inventory was anticipated by three months, to enable the accounts, which had greatly swelled in bulk, to be completed in proper season, thereby resulting in Outfit 1876, as far as Fort Garry was concerned, being shortened to a term of nine months as against twelve months in 1877.

"The Inventories at the close of Outfit 1878, which have been carefully taken, are being now put in shape, and when completed may, perhaps, assist us in discovering any error in the Inventory at the close of Outfit 1877, should such exist."

We cannot say that we consider the foregoing explanations entirely clear or satisfactory, and it would appear that the imperfect mode of keeping these accounts has rendered it impossible to exhibit a thoroughly plain statement of the case, but the reforms introduced ought to preclude any such difficulties in future.

We find that the writing off from the valuations of Ships and Steamers has not been carried out upon a correct principle. The deductions have been made from the reduced valuations instead of from the original cost of the vessels, and it will probably be found that in consequence of this system, the Steamers "Enterprise" and "Otter," and the Ships sailing from London, stand in the books at amounts which exceed their actual worth.

The difficulty now arises that large immediate reductions would affect the Fur Trade profits in a manner not entirely equitable, as new interests arise each Outfit by fresh appointments of officers, but the system ought certainly to be discontinued, and as a preliminary measure the Committee recommend that the percentage should in future be reckoned on the amounts now standing in the books against each Ship, and not on a progressive reduction from these amounts. Statements should at the same time be prepared for submission to the Board, showing the exact position at the present time.

We further recommend that, looking to the terms of the Deed Poll, which provides that no valuation shall be placed on the Company's Posts, stations, or trading establishments, except for actual outlay on account of the trade, expressly sanctioned by the Governor and Committee, repairs to building should in all cases form a charge against revenue and should not, except under special cases of extensions and improvements, be valued upon Inventory.

We recommend also that a Committee be annually appointed to examine and report on the Fur trade accounts of the various Departments.

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HUDSON'S BAY HOUSE,

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