

Company, for which charge the company would expect to receive credit when the containers were returned. And there is also included sundry amounts owning by employees to the company for the sale of wood, and expenses and so on.

Q. I see. Then the item of "Cash and Marketable Securities in Escrow \$2,325,546.67", what is that?—A. That represents cash and Victory Bonds held by the Royal Trust Company from the proceeds of the bond issue, to be turned over to the company as required for construction purposes.

Q. You mean of the \$30,000,000?—A. Of the \$30,000,000, yes.

Q. So that on the 31st of December, 1930, of the \$30,000,000 there was then available \$2,325,000 odd?—A. That had not been received.

Q. That had not been paid over to the company or to any of the subsidiaries?—A. Yes, sir.

Q. Then going back to the first item \$28,768,816.53, how is that made up?—A. Do you just require the major items in that, Mr. White?

Q. Yes?—A. Real estate \$5,189,783.82; construction outlay such as canal and accessory works, power-house, bulkhead and sub-structures, tailrace, etc., \$6,193,497.17; equipment and temporary construction work less depreciation thereon \$3,012,337.33; engineering \$1,081,431.50; interest during construction \$1,338,795.43; property rights and interest \$11,357,888.87; and miscellaneous accounts \$559,082.32.

Q. So that there is set up for property rights and interest \$11,357,888.87?—A. Yes, sir.

Q. And have you from the company's auditors an analysis of that account?—A. Yes.

Q. It is transmitted, I see, to the President, Beauharnois Power Corporation Limited, Montreal, on July 7, 1931, with a letter from P. S. Ross & Sons, Chartered Accountants, the letter reading as follows:—

DEAR SIR,—As requested, we have prepared and attach hereto an Analysis of the Properties, Rights and Interests Account which amounts to the sum of \$11,357,888.87, on the records of Beauharnois Power Corporation Limited and its Subsidiary Companies as of December 31, 1930.

We are of the opinion that the items shown in this statement are proper charges to that account, according to the documentary or other evidence, and minutes examined by us.

Now, the totals of that statement, Mr. Chairman, are these: Balance at Debit December 31, 1930, \$11,357,888.87. The first item is:—

*Beauharnois Syndicate*

Cash payment to W. H. Robert, et al, under terms of agreement entered into by R. O. Swezey and W. H. Robert, et al, under date of February 3, 1927, \$100,000.

Then the next item:—

*Beauharnois Power Syndicate*

Issue of 10,000 part-interests at \$100 each to the members of Beauharnois Syndicate on April 4, 1928, as part consideration for the taking over of assets and undertaking of Beauharnois Syndicate, \$1,000,000. Net Book Value of Assets acquired \$261,000, \$739,000.

*By Mr. White:*

Q. Might it be said that that \$739,000 represents the profit that the Syndicate made? Would that be a fair way of putting it?—A. I do not think so.

Q. Let me have it from you in accounting terms, please?—A. \$739,000 is the difference between the assets of the Beauharnois Syndicate, namely, \$261,000,