

Mr. GEARY: What was the book cost of that ship?

Mr. BOTHWELL: \$926,000.

Mr. GEARY: Where did you get that?

Mr. McLAREN: \$989,000.

Mr. GEARY: Would you have some more book values?

Mr. McLAREN: Discount on capital stock, down at the bottom of page 6, take it out of the investment account.

Mr. GEARY: I do not see that, Mr. McLaren. You mean you charge the assets against that \$300,000 discount afterwards, is that what you do?

Mr. McLAREN: Reduce the investment account and cancel the original note, cancel the account, would not take it out of the investment account, and set it down as a discount on the capital stock.

Mr. HANBURY: An actual loss, is it?

Mr. McLAREN: It is the capital stock set up on the liability side, you do not have to make a value, and it was previously in the investment account, so we take it out of the investment account and put it down in the discount.

Mr. HANBURY: We do not know how it is done yet. You sold this vessel at a loss. Then you carried it in your books and you had a loss. We do not know how you carried that loss in your books. What did you do with it?

Mr. McLAREN: The loss?

Mr. HANBURY: Yes, that you have on selling the vessel.

The CHAIRMAN: The loss is taken up by the reduction in investment account.

Mr. HANBURY: That is a cross entry or a book entry only.

Mr. McLAREN: I think I explained this morning that the amount of the note for the value of the boat was set up in the investment account, and when the vessel is sold the note is cancelled and automatically the investment account is reduced. The money that we receive for the sale of a vessel is handed over to the Government and they take care of the loss between the selling price and the cost price to them. That is up to them.

Mr. HANBURY: That is not part of your accounting at all?

Mr. McLAREN: No.

Mr. GEARY: You carry part of it on notes and you also write off depreciation and that goes into your profit and loss account. Where does the Government come in there? You cancel certain debts or notes and write off depreciation, and \$900,000 of that goes into the profit and loss account?

Mr. McLAREN: Yes, profit and loss was originally charged with the depreciation and with the interest; and when the boat is sold the adjustment is made in both those accounts and in profit and loss.

Mr. HANBURY: In other words, if you have a profit in that, you have that; but if you make a loss the Government stands the loss?

Mr. McLAREN: The loss between the cost and the sale?

Mr. GEARY: The capital loss is the difference between the cost and the sale price.

Mr. McLAREN: Yes. All we would have in our profit and loss would be the operating loss on vessels as sold.

Mr. HANBURY: Plus depreciation.

Mr. McLAREN: The interest is taken out and depreciation.

Hon. Mr. MANION: But you have, Mr. McLaren, the material from which to make the statement? He is going to try and prepare a statement to be put on the record, showing the total capital loss.