

INCOME STATEMENT

The suspension of service as of July 4 has caused a substantial loss of revenues. Lay-up expenses, which include costs not directly attributable to revenue producing voyages, have increased \$586,608 during 1957. The greater part of this increase represents expenses of an operating nature which would have been related to revenues under normal conditions. The deficit for the year was \$648,850 of which at December 31 \$142,500 had been recovered from the Government of Canada and the balance of \$506,350 appears as an account receivable on the balance sheet.

GENERAL

The following summary indicates how available funds have been utilized.	
Working Capital at December 31, 1956	\$ 371,134
Additional funds provided:	
Amount recoverable from the Government of Canada on account of the deficit	\$ 648,850
Provision for depreciation, which does not involve the outlay of funds	275,231
	924,081
	\$1,295,215
Funds applied:	
Deficit for the year	\$ 648,850
Reduction in Government of Canada loan	250,000
Capital expenditure	64,019
	962,869
Working Capital at December 31, 1957	\$ 332,346

Consistent with its established practice, the Corporation has not made transfers or allocations of funds for pensions conditionally accruing in respect of employees now in service.

Future operations will be seriously affected by the prolonged inactivity of the service, although to what extent we are not in a position to assess.

We wish to express our appreciation of the excellent co-operation and assistance received from officers and employees of the Corporation during our audit.

Yours faithfully

GEORGE A. TOUCHE & CO.

The CHAIRMAN: Do you wish to hear the auditors at the present time? Are there any questions on the auditors' report?

Mr. SMITH (*Simcoe North*): Moved by Mr. Martini and seconded by myself that the report be adopted.

The CHAIRMAN: Moved by Mr. Martini and seconded by Mr. Smith (*Simcoe North*) that the auditors' report be accepted and passed.

Agreed to.

Mr. John A. WILSON, F.C.A. (*George A. Touche and Co.*): Mr. Chairman, does that mean that the auditors' report will be passed without further comment, because if so there is one comment I would like to make?