

Traffic office additions and renovations were made where required, among them a new off-line office at Quebec City. Particular stress was placed on the improvement and expansion of both telephone answering service and reservation facilities.

Full responsibility was assumed by the airline for its Purchasing function, this being joined with Stores in a new Department. Mr. H. C. Cotterell was appointed General Manager, Purchases and Stores.

BALANCE SHEET

It is felt that the picture presented by the Company's 1951 balance sheet merits interpretation in some detail.

The average original book value of each of TCA's 27 DC-3 aircraft was \$156,000. Therefore the capital available for the purchase of replacement aircraft obtained from the full depreciation of each DC-3 will be approximately that amount. On the other hand, aircraft in current production which could reasonably be regarded as successors to the DC-3 are for sale in a price range of from \$600,000 to \$750,000.

Similarly, capital derived from the depreciation of each of the Company's North Star aircraft will approximate the original book value of \$675,000, whereas prices quoted for four-engined aircraft in current production which could be considered as eligible replacements range in price from \$1,400,000 to \$1,800,000. It will be obvious from these figures that the aggregate of depreciation accruals on the present aircraft fleet will not provide sufficient capital with which to purchase replacement aircraft when the time comes.

The 1951 surplus has therefore been reserved as a first contribution to the very large amount of money which will be represented by the difference between the cost of replacement equipment and the amount of money realized from the complete depreciation of the present equipment. This has been done with the concurrence of the Canadian National Railways which holds all TCA issued stock.

It will also be noted that the balance sheet records an item of \$1,952,000 representing the amount paid to the manufacturer concurrent with the confirmation of the order for five Super Constellation aircraft. The balance of payment will be made upon delivery, expected to take place in 1953. This, together with the purchase of associated spares and ground equipment, constitutes a committed additional expenditure of approximately \$9,000,000. The Company is also committed to pay to Canadian Pacific Air Lines, Limited in 1952 the sum of \$1,000,000 representing the balance of the purchase price of three North Star aircraft and associated parts.

Since none of the CPA aircraft were in TCA service in 1951, the size of the Company's fleet is correctly reported as unchanged from 1950. However, the increase in the property and equipment account as shown in the 1951 balance sheet represents the payments made on CPA aircraft and parts delivered but not placed in service in 1951.

THE AIR TRANSPORT PROSPECT

There is every reason to view with confidence the future of Canadian Air transportation, speed of travel and shipment being essential to a healthy nationhood in a country of such dimensions. Speed is no longer a luxury and, when wedded to dependability and comfort, becomes extremely marketable. It is the policy of the Company to carefully plan its growth so as to adequately meet the country's future requirements.