

GEORGE A. TOUCHE & CO.
 CHARTERED ACCOUNTANTS
 410 St. Nicholas Street
 Montreal

The Honourable,
 The Minister of Transport,
 Ottawa, Canada.

Sir,

We report, through you, to Parliament on our audit of the accounts of Canadian National (West Indies) Steamships, Limited, for the year ended December 31, 1957.

The following report appears at the foot of the balance sheet which, with the related income statement, is included in the annual report of the Corporation.

"We have examined the books and accounts of the Canadian National (West Indies) Steamships, Limited, for the year ended December 31, 1957. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above balance sheet and the related income statements are prepared on a basis consistent with that of the preceding year and are properly drawn up so as to give a true and fair view of the state of the Corporation's affairs at December 31, 1957, and of the results of operations for the year then ended, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

We further report that in our opinion proper books of account have been kept by the Corporation and the transactions of the Corporation that have come under our notice have been within the powers of the Corporation.

We are also submitting a supplementary explanatory report."

This is the abovementioned supplementary explanatory report.

BALANCE SHEET

Insurance Investment Fund

The investments of the fund comprise Government bonds and similar securities. Based on market quotations at December 31, 1957, the value of these securities was less than their cost by approximately \$192,000 or 6 per cent. However, no loss will be sustained unless it is necessary to sell the securities prior to maturity.

Capital Assets

Vessels are carried at cost less accumulated depreciation. During the year expenditures totalling \$64,019 were made to provide for additional refrigerated cargo space on the five steamships. This work was not continued after July 4, 1957 when the vessels ceased operation due to labour difficulties.

Provision for depreciation during the year was made on a basis consistent with that of the preceding year, using the following rates:

Three diesel powered vessels
 Five steamships
 5 per cent on cost
 3 per cent on cost

We are informed that all equipment has been maintained in efficient operating condition during the year.