

The Replacement Fund increased \$333,000 during the year as a result of depreciation accruals charged to Income Account and paid into the fund. The sum of \$39,000 was withdrawn from the fund to cover the cost of radar equipment installed on the five non-refrigerated cargo vessels.

The Insurance Fund increased during the year by \$308,000, after charging surplus earnings thereof for the year with a provision of \$70,000 for income tax. The insurance risks on all ships are carried in the Fund.

Accounts receivable and payable of all classifications have been tested by us with the subsidiary and controlling records, cash and other transactions subsequent to the year end, departmental files and general supporting information but such accounts have not been verified by direct communication with the individual debtors and creditors.

Discount on capital stock represents the amount set up at the time of incorporation equal to the par value of the shares issued in consideration of the guarantee by the Government of Canada of the Steamships' bonds.

#### *Government of Canada Advances*

Under authority of Appropriation Act No. 2, 1952, Government of Canada advances for deficits amounting to \$3,619,000 have been cancelled, effective the 1st January, 1952. The consequent reduction in interest payable to the Government is reflected in the Income Account.

Where foreign currencies are involved the balance sheet accounts of the Steamships are converted generally as follows:—

- (a) United States Currency  
—at the dollar par of exchange.
- (b) Other Foreign Currencies  
—at the current rates.

Dollar amounts stated in this report are to the nearest thousand.

Yours faithfully,

GEORGE A. TOUCHE & CO.

The CHAIRMAN: Shall the report carry?

Carried.

The CHAIRMAN: Now, if members will turn to the three votes—vote 467, Prince Edward Island car ferry and terminals' deficit.

No. of Vote	Service	Details on Page No.	1953-54	1952-53	Compared with Estimates of 1952-53	
					Increase	Decrease
467	Prince Edward Island Car Ferry and Terminals— To provide for the payment during the fiscal year 1953-54 to the Canadian National Railway Company (hereinafter called the National Company) upon applications approved by the Minister of Transport made from time to time by the National Company to the Minister of Finance and to be applied by the National Company in payment of the deficit (certified by the auditors of the National Company) in the operation of the Prince Edward Island Car Ferry and Terminals arising in the calendar year 1953.....	530	\$ 1,459,000	\$ 1,485,000	\$ .....	\$ 26,000