

Mr. ELLIOTT: I suggest the words should be "and the books."

Mr. CAHAN: The word "the" does not help the section.

Mr. ELLIOTT: It would probably avoid confusion.

Mr. CAHAN: If the hon. member wishes to have the word "the" inserted, I shall not object.

The CHAIRMAN (Mr. Sullivan): Then, the change will be to add the words "and the books."

Amendment agreed to.

Section as amended agreed to.

Sections 106 and 107 agreed to.

Section 108 stands.

Section 109 agreed to.

On section 110—Report of inspectors to be evidence.

Mr. CAHAN: I suggest that there be added after the word "investigated" in the third line the words "or by the seal of the Secretary of State." It would then read:

A copy of the report of any inspectors appointed under this act, authenticated by the seal of the company whose affairs they have investigated or by the seal of the Secretary of State shall be admissible in any legal proceeding as evidence—

We have found this difficulty, that when investigation is made of the affairs of a company at the request of the shareholders, the officers of the company have at times refused to authenticate the report by affixing thereto the company's seal, and we think it would be a good alternative to allow the report to be authenticated by the seal of the Secretary of State.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Mr. ELLIOTT: Is there a provision for compelling the inspectors' report to be sent to the Secretary of State?

Mr. CAHAN: The inspector is appointed by the Secretary of State, and so the report is delivered to the Secretary of State, following which authenticated copies are distributed to the persons interested.

Section as amended agreed to.

On section 111—Books of account. Contents.

Mr. CAHAN: I should like to have added as subsection 3 the following:

In case the operating accounts of the company are kept at some place outside Canada, there shall be kept at the head office of the company such comprehensive records as shall enable the directors to ascertain with reasonable accuracy the financial position of the company at the end of each three months' period.

We have a number of companies organized under the Companies Act which are operating outside Canada, and the directors who are bound to be cognizant of the financial operations of the company sometimes, if in a minority, are not able to inspect the operating accounts because they are held outside. In other cases the parties have complained that where an investigation was made of a company whose operations were wholly or in part conducted outside Canada the records at the head office did not disclose the material facts with regard to these operating accounts. Therefore in the interests of the shareholders and others interested I am suggesting this amendment to the effect that there shall be kept at the head office of the company comprehensive accounts from which the directors may ascertain with reasonable accuracy the financial position of the company at the end of each three months' period. It is very stringent but I think it is necessary.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 112—Duties of directors at annual meeting.

Mr. CAHAN: I suggest in subsection 2, paragraph (j) that the words "the amount of shares of each class subscribed for and allotted" be struck out and the following substituted therefor:

The amount of shares of each class issued and outstanding.

That is more definite and comprehensive, and I am sure it will be helpful.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 113—Amounts paid to directors to appear in statements.

Mr. CAHAN: I wish to suggest that there should be added at the end of subsection 3 the following words:

Provided that where depreciation, obsolescence and depletion are charged against manufacturing or operating costs by the company in its accounts, net operating profit