

of certain persons named as provisional directors, when, as a matter of fact, the permanent directors are well known to be others entirely. That could be done so long as there was not an appeal to the public.

On section 92—investigation of affairs of company:

Mr. MEIGHEN: I move that the word "warranting," in line 33, page 22, be struck out and that the following be substituted therefor: "as in the opinion of the Secretary of State of Canada warrants," and that the words "in the opinion of the Secretary of State of Canada" be inserted after the words "members as," in line 37.

Amendment agreed to.

On section 94a—appointment and remuneration of auditors.

Mr. A. K. MACLEAN: If the company fails to appoint an auditor at its annual general meeting, why should not the directors have the power to appoint, rather than the Secretary of State?

Mr. MEIGHEN: The auditor is primarily to be elected by the shareholders. If the shareholders omit to elect an auditor it would appear to me to be better to leave it to the Secretary of State than to the board of directors.

Mr. CARVELL: Auditors are appointed by the shareholders, not by the Government.

On section 94b—powers and duties of auditors:

Mr. MEIGHEN: This is copied word for word from the British Act.

Mr. A. K. MACLEAN: This provision will not apply to private companies?

Mr. MEIGHEN: Yes, this provision applies to private companies.

On section 105—Annual meeting.

Mr. R. B. BENNETT: The balance sheet provision is entirely too cumbersome and exacting in its demands for any other than a public company of some magnitude. It is entirely too much to ask small companies in remote communities or small companies with a few shareholders in large cities, incorporated under this Act, to give all the information required in this balance sheet. The trouble is that the provision will be disobeyed. It is too much to ask companies that have a capital of \$100,000 and perhaps six shareholders to go through all this for-

mality and prepare a balance sheet with all these details. Auditors are not accustomed to preparing a statement containing all that information. During the last few hours I have been reading the report of the Canadian Locomotive Company, and its balance sheet, published in a newspaper, contains a very clear statement of assets and liabilities, and it gives the report to the shareholders certified by the auditors, indicating the profits, depreciation account and matters of that kind. Under clause (j) of subsection 2 of this section, the balance sheet must show the amount of common shares, subscribed for and allotted and the amount paid thereon, showing the amount thereof allotted for services rendered, for commissions or for assets acquired. After a company is once launched, who has any interest in those things? The people who have succeeded to the company may not know anything about these matters. The Secretary of State has all this information before him on the incorporation of the company. I have in mind a statement I saw from one of the largest companies of Canada the other day in response to an inquiry addressed to it. The statement was that the present officers had no such knowledge. What abuse is sought to be remedied, as against an auditor's certificate?

Mr. MEIGHEN: First of all, these very provisions have been in operation in Ontario for some ten years, I understand, with very considerable satisfaction.

Mr. R. B. BENNETT: I am told that they are more honoured in the breach than in the observance by small companies.

Mr. MEIGHEN: I have not that information. Furthermore, they are as recommended by the Institute of Accountants for Ontario.

Mr. A. K. MACLEAN: There is no doubt about that.

Mr. R. B. BENNETT: I have no doubt as to that or that they would be recommended by any other Institute of Accountants that my hon. friend will ever hear of.

Mr. MEIGHEN: I presume they are just as anxious for detail work as anybody else. At the same time, there is nothing impracticable in this, or they would not want to do what they could not get done. Each provision was threshed out with great care, and, in particular, the clause to which my hon. friend referred.

Mr. R. B. BENNETT: What good is it going to do, for instance, in the third annual report of the company?