

Surplus

As a result of aircraft losses, the corporation's liability for income tax has been eliminated, and an adjustment of \$368,000, being the amount previously recorded as income tax payable, has been credited to Surplus.

Where foreign currencies are involved, the balance sheet accounts of the Air Lines are converted generally as follows:

- (a) United States Currency—at the dollar par of exchange.
- (b) Sterling Currency—at the rate of \$2.80 to the pound.

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

Yours faithfully,

George A. Touche, C.A.

Mr. HAMILTON (*York West*): The only question that I have, sir, is in connection with the depreciation taken. Has there been any consultation with any other airlines as to what is an acceptable means or has this been worked out solely by yourselves?

Mr. TURVILLE: It is a rate that has been determined by Trans-Canada Air Lines and as Mr. McGregor has already stated it is comparable with that used by many of the lines in the United States.

Mr. HAMILTON (*York West*): And it is below, of course, the government allowance?

Mr. TURVILLE: Very considerably.

Mr. HAMILTON (*Notre Dame de Grâce*): Mr. Chairman, just one passing observation I would like to make. I think many of us admire the annual reports of the Trans-Canada Air Lines and the Canadian National Railways and we all agree that they are sales pieces. I would like to find our auditors setting an example for parliament in the case of their document, which comes to us and which could not be considered a sales piece as it is for our use only. I think it should be produced as cheaply as possible. Actually you are paying five times as much as you need to. It is only for distribution to parliament and has no sales value. Couldn't it be turned out a little more cheaply?

Mr. TURVILLE: Might I say, Mr. Hamilton, I think it is a very modest document and the cost is not high.

Mr. HAMILTON (*Notre Dame de Grâce*): I am serious. It is obviously not a big item at all. It was purely a matter of principle. The price with cover is \$121; without cover it is \$21.

Mr. TURVILLE: I do not know whether I am stepping out of turn when I say this, Mr. Hamilton, that from our own firm's point of view we also have some pride. We like to produce statements for presentation to members of parliament which conform with our usual standard. We don't think we have been extravagant to put it in a cardboard cover.

Mr. HAMILTON (*York West*): In connection with the statement, sir, you do make a spot check, I assume, on pretty well all matters—accounts payable and accounts receivable?

Mr. TURVILLE: Yes, we make tests of all these things. The test is a spot check based on our own judgment both as to revenue and expenditures.

Mr. HAMILTON (*York West*): One thing I might ask you. Is there a check kept by you as auditors of the free transportation granted by the company? Is that gone into?

Mr. TURVILLE: No, we do not go into that. Its main importance is to my mind statistical.