

The CHAIRMAN: There is, of course, a certain depreciation which ought to be replaced from time to time. You do make these replacements at different times?

Sir HENRY DRAYTON: There is no depreciation at all; it is all maintenance. That is a separate item.

The CHAIRMAN: I mean this. Your equipment is depreciating, is getting worth less, and that has to be repaired.

Sir HENRY DRAYTON: That is not shown in this at all.

The CHAIRMAN: You want to keep your equipment, your cars and so on, up to the mark. For that you set aside each month, I suppose, certain moneys. Do you charge that immediately to maintenance and credit reserves, whether you spend it or not?

Mr. HENRY: Exactly.

The CHAIRMAN: Because you want to keep a proper charge against the system so it would not all be charged in any one year or any one month, even though it was an accumulation?

Mr. HENRY: That is right.

The CHAIRMAN: So at the end of each period—each month, is it?

Mr. HENRY: Yes, at the end of each month.

The CHAIRMAN: You make a charge against maintenance and credit your reserve account with it, whether you have actually made the expenditure or not. Then, when you do make the expenditure you charge your reserve with it, and the cash goes out?

Mr. HENRY: That is right, generally speaking.

The CHAIRMAN: The result being that each particular period carries its charge of maintenance, which is a loss, whether you have actually made the expenditure or not?

Mr. HENRY: That is the purpose of this reserve.

Sir HENRY DRAYTON: Just leaving that, if everybody understands it, we spent out of reserves this year the amount you have given us, which I think is \$2,731,000?

Mr. HENRY: Yes, that is correct.

Sir HENRY DRAYTON: Then you also have on hand some reserves now, \$1,696,754?

Mr. HENRY: Yes, that is correct.

Sir HENRY DRAYTON: So there is a depletion in the reserve for the year of \$1,930,436?

Mr. HENRY: \$1,731,657, I think.

Sir HENRY DRAYTON: There is that \$52,000 that comes out?

Mr. HENRY: Yes. If you are dealing with the decrease, it is \$52,000 more.

HON. Mr. GRAHAM: That \$52,000, technically speaking, does not belong in this discussion at all.

Sir HENRY DRAYTON: The sum of \$3,627,010, I thought, was the amount left to the credit of the reserve at the end of the year 1922.

Mr. COOPER: Yes.

Sir HENRY DRAYTON: Then the amount left to the credit of the reserve to-day is \$1,696,574. Does that not give the result I gave you?

Mr. HENRY: Yes. We will just check that.

Sir HENRY DRAYTON: It is \$1,930,436.

Mr. COOPER: The difference between \$3,627,010 and \$1,696,754, is \$1,930,-