

Mr. MCGREGOR: Thank you very much, Mr. Chairman, and I would like to express appreciation for the very sympathetic hearing.

The CHAIRMAN: I would like also to express our thanks to you for the trip we had in the new Viscount last Wednesday. It was most interesting and enjoyable.

Then, we have here the auditors, Mr. Turville, Mr. Morison and Mr. Padley, who are the government auditors for Trans-Canada Air Lines.

Now then, I would ask that the Auditors' Report to Parliament be not read but taken as read and be attached to the minutes of the report of the committee. Are there any questions of Mr. Turville about that auditors' report?

GEORGE A. TOUCHE & CO.

Chartered Accountants

Coristine Building, 410 St. Nicholas St., Montreal 1

25th February, 1955.

TRANS-CANADA AIR LINES

The Right Honourable the Minister of Trade and Commerce,
Ottawa, Canada.

Sir,

We have audited the accounts of the Trans-Canada Air Lines for the year ended 31st December, 1954, under authority of the Trans-Canada Air Lines Act, as amended and we now report, through you, to Parliament.

Our examination of the accounts was made in accordance with generally accepted auditing standards, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In this connection we worked in collaboration with the executive accounting officers having as a common objective the securing of maximum internal protection to the Air Lines in the control of cash receipts and expenditures, securities held, material stores and accounts receivable of all types. The Air Lines are further protected by fidelity bond insurance with outside underwriters.

Our audit of the accounts included the verification of the balance sheet and the statement of income and certification thereof.

STATEMENT OF INCOME

Depreciation

Provision for depreciation on capital assets was made during the year on the following bases:

(a) Flight equipment in service—

North Star M2—over a period of six years from date of being put into service. The aircraft comprised in this fleet became fully depreciated in May 1954.

Super Constellation—over a period of seven years from date of being put into service.

Bristol—over a period of five years from date of being put into service.

DC 3—having been fully depreciated in 1951, no provision is required.

(b) Ground facilities—estimated useful life, the period depending upon the type of asset.