

Mr. CHEVRIER: Well, this is purely a matter of bookkeeping. I do not see that there is anything objectionable about it.

The CHAIRMAN: Moved by Mr. Kennedy and seconded by Mr. Tasse that the securities trust report pass.

Agreed to.

The CHAIRMAN: Now, the next item is the auditors' report, and it is made up by George A. Touche and Company, represented here today by Mr. J. A. Wilson, assisted by Mr. Beech. You have that auditors' report in front of you.

GEORGE A. TOUCHE & Co.
CHARTERED ACCOUNTANTS
410 St. Nicholas Street
Montreal

MARCH 4, 1958.

The Honourable,
The Minister of Transport,
Ottawa, Canada.

Sir,

In accordance with the requirements of the Canadian National Railways Act we report, through you, to Parliament on our audit of the accounts of the Canadian National Railway System for the year ended December 31, 1957.

The following report appears at the foot of the balance sheet which together with the related statement of income is included in the annual report of the System.

We have examined the books and accounts of the Canadian National Railway System for the year ended December 31, 1957. Our examination included a general review of accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the above consolidated balance sheet and the related consolidated income statement are prepared on a basis consistent with that of the preceding year except for additional provision for depreciation referred to in Note 1 which we approve and subject to the position with regard to depreciation accruing prior to the adoption of depreciation accounting referred to in Note 1, are properly drawn up so as to give a true and fair view of the state of the System's affairs at December 31, 1957 and of the results of operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the System.

We further report in our opinion proper books of account have been kept by the System and the transactions of the System that have come under our notice have been within the powers of the System.

We are also submitting a supplementary explanatory report. This is the aforementioned supplementary explanatory report.

CONSOLIDATED BALANCE SHEET

Temporary Cash Investments

These investments are carried at a total cost of \$6.4 million and consist of System securities aggregating \$5.5 million and other securities issued or guaranteed by the Government of Canada or Provincial Governments. At December 31, 1957, the approximate market value of all these investments was \$6.0 million being 6 per cent below cost.