

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Well now, taking this question a step further, since this has been segregated, is it possible to give us the basis of your 1956 experience—the net result of those operations in so far as the company is concerned?

Mr. WILSON: I am afraid that the interest portion of it is included in the other interest account. It would have to be gone over again and analysed to bring it out, as it has not been treated as a separate income account.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): So they are not really segregated?

Mr. WILSON: Not from the income point of view. But of course the accounts themselves work in this way, that as you create a note temporarily, there is an account. And when the note is sold to the bank, then it becomes a matter of the banks bookkeeping problem.

Mr. HAHN: As I understand it, the two per cent handling charge is an original item, and then you take the six per cent interest which is paid on it if it is unpaid, and the five per cent discount is the depreciated value of the repayment. Is that right?

Mr. WILSON: No; first you take the six per cent on the total of the unpaid portion plus two per cent.

Mr. HAHN: On the unpaid portion plus two per cent.

Mr. WILSON: Yes.

Mr. HAHN: And the five per cent then is all a re-discount on the unpaid balance?

Mr. WILSON: The five per cent will be paid on the amount of the note which goes to the bank and which includes a service charge.

Mr. HAHN: On the full amount of the note?

Mr. WILSON: That is right.

Mr. HAHN: And not on an unpaid balance basis?

Mr. WILSON: That is right.

Mr. FULTON: I am not qualified to quarrel with you, but would it not be more understandable to the ordinary layman if rather than saying that notes are discountable to the bank, you said that they are purchased by the bank?

Mr. WILSON: I think I did say that the notes were sold to the bank.

Mr. FULTON: In the report it says that the notes were discounted by the bank. I thought it would be a discount as against the full value of the note.

Mr. HAMILTON (*York West*): The proper term is purchase, the same as an acceptance company would purchase them.

Mr. WILSON: That is right. Purchase would be a better way to describe it.

The CHAIRMAN: Shall "Cash and accounts receivable" carry?

Item agreed to.

Next, on page 4, we have "Materials and supplies", "Insurance Fund" and "Property and equipment".

Mr. HAMILTON (*York West*): Under "Materials and supplies" have you made a spot check of the company's property and their inventory?

Mr. WILSON: That is right.

Mr. HAMILTON (*York West*): At how many places did you have to do that?

Mr. WILSON: It was done at the spots where the biggest inventories are carried. That is to say, at Montreal and Winnipeg.

Mr. HAMILTON (*York West*): Have you examined the inventory of property of the company and did you find it satisfactory from an accounting standpoint?