

## GEORGE A. TOUCHE &amp; CO.

CHARTERED ACCOUNTANTS

LEWIS BUILDING

465 St. John Street, Montreal 1

MONTREAL, TORONTO, WINNIPEG, REGINA, EDMONTON, CALGARY, CRANBROOK,

VANCOUVER, VICTORIA

REPRESENTED IN THE UNITED STATES OF AMERICA AND GREAT BRITAIN

6th March, 1952.

## 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 and its Subsidiary Company for the year ended 31st December, 1951, under authority of the Trans-Canada Air Lines Act, 1937 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 Consolidated Balance Sheet and the Income Accounts and certification thereof.

## INCOME ACCOUNTS

*Depreciation*

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

## (a) Flight equipment in service—

North Star M2—7 year estimated life from date of being put into service.

DC3—4 year estimated life from date of being put into service.

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

In view of the uncertainties of the market for second-hand aircraft four years hence, it has been deemed advisable to adjust the residual value of North Star M2 aircraft from the previous estimate of \$67,000 to \$30,000 per aircraft. This action is in line with the policy adopted by Airlines in the United States. The estimated life from the date of installation of permanent and temporary buildings has been reduced from thirty-three and a third years to twenty and ten years respectively.