

Outstanding Notes on Vessels.....	\$ 44,996,242 95
Advances on account of Capital.....	552,919 04
Working Capital and Advances.....	12,654,769 65
Total.....	\$ 58,203,931 54
Plus difference between amount of Notes cancelled and amount of sales, salvaged or transferred and vessels disposed of, totalling.....	30,258,029 28
Total.....	\$ 88,461,960 82
Less estimated value of vessels in service.....	\$ 2,500,000 00
Insurance Reserve.....	3,547,170 06
Working Capital.....	1,192,020 86
Total.....	\$ 7,239,190 92
Leaving approximate loss of..... if the enterprise were wound up.	\$ 81,222,769 90

NOTE.—These figures do not include any interest the Government gave up.

Mr. BOTHWELL: There is a statement showing insurance reserves. On what basis is that insurance reserve built?

Mr. McLAREN: The insurance reserve is built up on the basis of charging the operating expenses; the premiums I could not say.

Sir HENRY THORNTON: I could explain that, and Mr. Grant had better follow me and check me if I am wrong. The fund has been built up by charging expenses with a certain amount of premium and this represents the amount by which the charge on account of premiums was greater than the actual losses, plus the accumulated interest. This \$3,500,000 is represented by Government bonds and other securities.

Hon. Mr. MANION: It is part of your \$14,000,000 fund.

Sir HENRY THORNTON: It was built up in that way. We really charged ourselves with larger premiums than the actual losses.

Mr. BOTHWELL: That is you carry your own insurance and you fixed your own rates, according to the standard rates?

Sir HENRY THORNTON: We built up a reserve fund.

Mr. BOTHWELL: How did you arrive at that insurance premium?

Sir HENRY THORNTON: It is built up by using the commercial rates.

Mr. CANTLEY: That is the most satisfactory showing on the whole sheet.

Sir HENRY THORNTON: Yes. It is all part of the one fund and it is handled as one fund, excepting that the three and a half millions are allocated.

Hon. Mr. MANION: It is part of the \$14,000,000 fund?

Sir HENRY THORNTON: Yes.

Mr. CANTLEY: Less the losses?

Sir HENRY THORNTON: Yes.

Mr. GEARY: What do you mean by part of the \$14,000,000?

Hon. Mr. MANION: In a fund which they have built up by carrying their own insurance (they have been paying the premiums into that fund) and it has gradually been built up to, in a round sum, \$14,000,000. Part of it is allocated to the steamships, which is some \$3,500,000, and the other ten or eleven million dollars odd is allocated to the railways.

Mr. BOTHWELL: On what basis is the loss charged against the fund?

Mr. McLAREN: This includes the portion allowed to the railroad. The steamships balance sheet here shows the proportion which belongs to them. In other words in the railways balance sheet you have \$10,000,000 odd, and you have in the Merchant Marine here \$3,500,000 odd; and you have in the West Indies \$353,599.

Hon. Mr. MANION: In the regular balance sheet of the railway it shows \$10,568,000.