

of having become associated with us. And at the time of purchase we set up a reserve for the accounts that we thought were bad, and we set up a reserve to take care of these potential rebates that we would take.

Q. Yes?—A. —if the paper had all been liquidated. And there was another cause for that reserve that came in then as a credit back to the profit and loss account, as an increase due to accounts purchased. That is just the residue of a purchase at one particular office.

Q. You will admit though that part of your business did not materially affect this bad accounts reserve account?—A. That \$995, that particular item did not, no.

Q. I mean your business in that, that portion of your business?—A. There was quite a substantial recovery on some of that stuff.

Q. There was not much loss?—A. If you buy an account at 10 per cent and clear 20 per cent, then of course you can't have any losses.

Q. Quite so. I am simply asking you to deal with that portion of your business. It did not materially affect this reserve?—A. I am sorry, Mr. Stevens; I do not wish to appear evasive; but I am not clear on the question, which portion of the business do you mean, the portion of the business that we buy from other companies?

Q. I will try to make it clear, Mr. Reid: Yesterday you cited this section of your business, namely the purchase of accounts from other companies at advantageous arrangements and prices?—A. Yes.

Q. And the suggestion was made that it was a very material amount and would affect this reserve account very substantially, and now I am showing you from your own statement that the increase due to accounts purchased is \$995.72; and I am simply asking you, and do you say, that it does not materially affect that account when the total of these items is \$117,063.17?—A. I would like to consider that a little further, Mr. Stevens. I cannot subscribe to what you say there.

Q. All right. It does seem to me obvious; however, I am not going to worry you by pressing the matter?—A. I cannot keep all these figures clear in my mind, but I have tried throughout to be as accurate and complete in detail as I possibly could.

Hon. Mr. STEVENS: The figures speak for themselves.

By Mr. Finlayson:

Q. Did you take over any companies in 1936?—A. Yes, we did, sir.

By Hon. Mr. Stevens:

Q. Perhaps it might be interesting to know what companies you did take over in 1936?—A. Yes, we took over two companies in Windsor; the Regal Finance Corporation and the Premium Finance Corporation.

Q. What was the amount of the loans outstanding in each of these companies when you took them over?—A. They were under joint ownership and they were bought collectively.

Q. Yes?—A. The aggregate figure was about \$56,000.

Q. For the two companies?—A. For the two accounts combined.

Q. They had outstanding loans of about \$56,000?—A. Yes.

Q. Now, going back to this statement, I have mentioned the total of the reserve as \$117,063.17?—A. Yes.

Q. And then below that appears a statement reading as follows: Decreased by amount used to write down assets, \$23,461.91; leaving a balance as indicated of \$93,601.26, as a reserve for bad debts. These figures are correct are they not?—A. Yes.

[Mr. Arthur P. Reid.]