

departments and the quantities of merchandise supplied by these firms—in order to show the trend of the operations of these departments over a period of years.

Various statements have been prepared on each of these departments, showing examples of price spreads and the operating results of each of the departments over a period.

The mark-ups indicated on the price spread statements represent the differences between the initial selling prices indicated on the invoices and the laid-down cost. The initial selling prices are not necessarily the selling prices, as in many cases the initial selling prices have to be reduced. The mark-up percentage on cost shown for the various items listed on the price spreads schedules may not, therefore, necessarily be the actual mark-up obtained. The actual maintained gross profits percentages of the departments may be obtained by a reference to the comparative departmental statements, on which are also shown the amounts of the stock write-downs, stock shortages and employees' discounts, which are deducted before arriving at the actual gross profits of the departments.

These comparative departmental operating statements also show the total expenses charged against the departments, including the interest and depreciation charges referred to previously.

By Mr. Sommerville:

Q. If stock is marked up at a certain figure and is sold at less than that figure there is what is called a mark-down allowance in that department?—A. Yes

Q. On a particular item?—A. Yes.

By the Chairman:

Q. All these variations then are reflected in your figure, the maintained mark-up?—A. Yes, that is, after eliminating all the stock write-downs and inventory variations.

ADVERTISING

On Statement No. TT-8 is shown the comparative newspaper expenses by newspapers of the Toronto store for the eleven years, 1923 to 1933 inclusive. This shows an increase from \$412,000 in 1923 to \$750,000 in 1933.

By Mr. Sommerville:

Q. \$750,000 was the total newspaper advertising in 1933?—A. Yes. On the same statement is shown the lineages in one Toronto evening paper in each of the years 1927 to 1933 and the lineages in one Toronto morning paper in each of the years 1929 to 1933. The lineages of each of the two evening newspapers are approximately the same and this is also the case for the two morning newspapers. The lineage rates for each of the four Toronto newspapers over a period of years is also shown on this statement.

MR. SOMMERVILLE: In the printing of this statement of comparative advertising lineages you might note that there has been a mistake in the printing. They have put the dollar sign for lineage and I know that the *Evening Telegram* would have a faint if they found that they were reported as having received \$2,500,000. They mean 2,500,000 lines. The dollar sign should not be there.

The WITNESS: *Advertising Allowances.*

Statement TT-9 shows the advertising allowances received from suppliers of the Toronto store, for the year 1933 and for the first two months of 1934. These advertising allowances are classified according to the departments receiving the benefit of the allowances. The amounts received from the various suppliers vary greatly. The total number of suppliers contributing advertising