

*By the Chairman:*

Q. I mean, the mark-downs were comparatively small.—A. This is the mark-up, not the maintained gross profit.

Q. Oh, I see.—A. These are the mark-ups.

*By Mr. Young:*

Q. Could you give us both?—A. No. One is the budgeted mark-up and the other is the actual mark-up before providing the stock write-downs. Dealing with purchasing advantages, I think a lot of this is general.

*By Mr. Sommerville:*

Q. You have a general statement on purchasing advantages, a lower quoted price, special discounts, bonus merchandise, and special rebates and allowances. It might be better to cover that?—A. Purchasing advantages.

In addition to any advantage which the Robert Simpson Company Limited may have over the smaller merchant because of advertising allowances obtained and "demonstrators" supplied, the company may purchase some of its merchandise at a lower cost. This reduced cost may be due to any of the following circumstances:—

1. A lower quoted price.
2. Special discounts.
3. Bonus merchandise.
4. Special rebates and allowances.

An examination of the books, invoices, etc., of this company will not disclose whether the price quoted to the company by the manufacturer is lower than that quoted to other buyers for the same article. This information must be obtained from the manufacturer's records and has been the subject of a few separate investigations which will be referred to later. Instances of the other three kinds of "concessions" however are to be found at Simpsons. In every case the competitive advantage derived by Simpsons may be offset, in whole or in part, by similar or different concessions made to other buyers.

*Special Discounts:*

A large proportion of the invoices examined show discount deductions (in addition to cash discounts). In many cases these are, no doubt, regular trade discounts—the listed price less the discount being the normal selling price.

There are instances, however, of discounts applying to bankrupt stocks or clearances of discontinued or overstocked lines arranged with manufacturers. An example of the latter is to be found in the purchase of various pieces of furniture totalling about \$24,000 less a discount of 40 per cent. The price spread realized on two of the pieces is shown on the statement of price spreads in the furniture department (Statement No. D1) being items Nos. 1 and 3.

Q. I might just as well at this point refer to the spread on those two articles, one of 101 per cent and one of 73·4 per cent?—A. That is right.

Q. In other words, if they were bought for 40 per cent less the mark-up percentage is very much higher than the average of the department.

*By Mr. Edwards:*

Q. Is that 40 per cent less than the regular price?—A. So far as we know. It shows as a 40 per cent discount on the invoice.

Q. On the regular price?—A. Yes. It was a discontinued line.

MR. SOMMERVILLE: On lines that were discontinued, sewing cabinets.

THE WITNESS: The initial mark-up on merchandise purchased from this firm during 1933 (and this order represents the large part of the purchases)