

*By Hon. Mr. Reid:*

Q. I asked if there was anything for the Patriotic Fund?—A. Yes, there is \$3,000 a month to the Patriotic Fund, since the war started, but that comes out of the workmen's pockets not out of the company.

Q. Is there anything in that for interest or plant?—A. No, nor for depreciation. Now, as I said.—I was trying to recollect what items I had given you before, but the series of interruption have caused me to forget for the moment. Two or three months ago, we were naturally interested in the question of the cost of the ship, and we asked a firm of auditors in New York to come up here and, independently of any statement we had prepared to audit the account of that ship from start to finish; they did so, and they gave us, as the total cost of the ship, the figures I gave you last week \$1,666,748.

*By Mr. Devlin:*

Q. Was that prior to the contract or after?—A. After the ship was sold; they gave us that as the cost of the ship after going over all our accounts up to that time; there are still charges coming in.

*By Mr. Carvell:*

Q. Just a moment—according to this statement before me that would be the cost of the ship provided you added on 55 per cent to the cost of the ship for overhead expenses?—A. I do not know whether it is 55 per cent or not.

Q. It says so here?—A. I think those are my figures—I made the pencil figures there.

Q. It says here "Labour for overhead expenses"?—A. Do not forget you are not looking at the actual audited statement. The figures for the labour and material which the auditor accepted as correct and incorporated in his statement are based upon the labour and the material given in the firm's books.

Q. I am only saying that the words "55 per cent labour for overhead" are here and under those words \$1,666,000.—A. Yes.

Q. As I understand it, in order to arrive at that figure you have to charge 55 per cent labour for overhead?—A. I do not think so—I think the overhead in that ship was about 60 per cent.

Q. That may be, I am not saying that it is not, but that in order to arrive at the total given you were charging that 55 per cent?—A. You do not understand, Mr. Carvell.

Q. I think I do?—A. I can explain it to you. It is not a question of that particular figure, but of letting you know how we treat the overhead.

Q. You say that the reason the auditor told you that it would cost you \$1,666,749 was—A. That is correctly charged, he audited our books.

Q. And that is made up on the basis of material and labour, and 55 per cent labour for overhead expenses?—A. No, sir, I do not think so.

Q. Well, figure it out?—A. We can figure that out very quickly—no, it would be about 60 per cent or 61 per cent.

Q. Now, who is right? Is not that memorandum, 55 per cent, on the statement?—A. I put that on there yesterday myself.

Q. That is your figure?—A. Those are my figures, which I put there yesterday. You remember we were asked to leave that with the committee, and I looked at those amounts; I had not seen these figures until they got here, this statement is compiled from our accounts, and I made a mental calculation, and I said to myself: "What is that, it is about 55 per cent on overhead." It is all a question of taking the overhead expenses out of the books and showing that it amounts to a certain percentage.