

cluded the cost of any increase of value by the bleaching. That they did not, and that the purchasers took them on the basis of unbleached goods, and expected to pay any bleaching charges in addition to the purchase price is I think manifest from the evidence. Mr. Morrow, the plaintiffs' assistant manager, says the inventory price is the cost price, the manufacturing price, by which I understood him to mean the cost at the mill before sending to Scotland. Being asked whether it had occurred to him between the date of the purchase and the end of May that perhaps he should see how Lumsden & McKenzie's account stood and pay them he answered, "I was watching that and just as soon as ever we had the money I sent them a cheque for these goods—for the bleaching." And he goes on specifically to shew why it was in his mind, because he had a sale in view and he says he was just waiting to accumulate enough money to pay the bleaching account. He is the plaintiffs' witness and their officer, and makes not a suggestion that these bleaching charges should be paid by the liquidator, or out of the moneys going to the Crown Bank. Again when on 29th May the plaintiffs sent Lumsden and McKenzie a bank draft for their account, there is no suggestion that it was considered that the liquidator or the Crown Bank should pay it, or that it was even charged against either. If the Crown Bank had to pay it, the answer very likely would have been a further demand upon the guarantee. At that stage it could make no difference to the liquidator or the bank, whatever the rights between the plaintiff company and its component shareholders might be.

Again there were other goods of those inventoried as "at bleach," lying in the Customs charge at Orillia on their way back from Scotland. The plaintiffs had to pay the Customs duties upon these: (see their letters to the liquidator of 30th May, and 27th April, 1906), and yet no suggestion even in this action that they should be repaid the Customs charges. All makes it clear, I think, that the plaintiffs were to take and did take the goods as *in situ* wherever they might be, whether at the factory or in Orillia or in Scotland, and accepted delivery and took these goods as unbleached goods upon which they had to pay the bleaching charges. Such being their position, let us see what was done with reference to and by Lumsden & McKenzie. On 14th February, 1906, the latter firm wrote the liquidator saying that the Dominion Linen Mills owed them £87 10s. 10d., per their account of 4th January, of which they enclosed a copy, and that against it they held 67 pieces of goods bleached, finished, packed and ready for sale, the value of which exceeded the claim; and asking him, if he did not elect to pay their ac-