

Hon. Mr. STEVENS: It varies.

The WITNESS: No, sir. I would say 7 per cent. It is calculated at 7 per cent, although as I say, it has not been paid out.

*By Hon. Mr. Stevens:*

Q. I was taking the total as the only way I could come at it.—A. Yes.

Q. I notice that the total interest paid in those five years, or not paid, but charged,— —A. Charged.

Q. On your books?—A. Yes.

Q. Was \$266,150.83. Can you verify that?—A. I could be adding it up.

Q. Well, I have it before me.—A. It appears in this statement.

Q. I have added it myself. We could give the figures for each year, and perhaps you could check them that way. 1932, \$26,255.81.—A. That interest for 1932 is not paid to the parent company. That was paid to the banks.

Q. That was paid actually to the banks?—A. Yes.

Q. That is what I presumed. In 1933 it was \$6,323.35.—A. Yes.

Q. Is that right?—A. That is quite right.

Q. In 1934, it was \$50,000?—A. Yes.

Q. And in 1935, it was \$77,070.94; is that right?—A. \$77,121.88.

Q. In 1936, it was \$116,506.73?—A. Yes.

Q. Therefore, after deducting \$26,000 paid to the bank in 1932, it totals \$239,895.02 having been charged up in your books as interest and credited to the parent company; is that correct?—A. Assuming those mathematics are correct, I would say so—\$249,896.02.

Mr. WALKER: There is a difference of a dollar there.

The WITNESS: \$249,896.02.

*By Hon. Mr. Stevens:*

Q. \$249,896.02 is right. Now, this is borrowed capital. Did you borrow it in cash from the head office?—A. Yes.

Q. All of it?—A. Yes.

Q. How does it come that, for instance in 1933, you borrowed in cash from a company in the United States \$349,880.71?—A. I suppose the exchange rate might have had something to do with that, adjustment of exchange, the price they would pay for the Canadian dollars. It is quite possible that our bank account would be credited in this sense—if they sent over a check for \$100,000, the American dollars would be converted into Canadian dollars here. It is quite possible that would account for it.

Q. That would be the explanation?—A. I would think so, yes.

Q. There is no question of this, that it is a cash investment?—A. Absolutely.

Q. By the parent company?—A. Absolutely.

Q. All of it?—A. Absolutely; every cent of it.

Q. Now, the increase in the amount borrowed is \$1,000,000; that is, taking \$2,105,000, and deducting from that \$2,105,116.26 which is shown in your statement of 1936, that \$288,000 borrowed from the bank, it leaves \$1,817,000 in round figures which is the borrowings from the parent company. Do you verify that?—A. Why deduct the bank borrowings?

Q. Well, I just deducted that because in other words you paid that off.—A. Yes. The Household carry that. They bought assets and liabilities.

Q. Your borrowings are \$2,105,116.26?—A. That is correct.

Q. By the way, first let me refer you once more to the increase in the notes which seem to be the main business of the company. Loans on endorsed promissory notes is the way it reads, increased from \$448,843.88 in 1932 to \$3,115,033.28 in 1936; that is in the last four years, described as loans on instalment notes receivable. That is correct, is it not?—A. Yes.