

*By Mr. Factor:*

Q. The total paid to these outside clerks for the year ending 3rd January, 1934, was \$22,000?—A. That is the amount paid by Simpsons.

*By Mr. Sommerville:*

Q. And they largely exceed those who are paid by the Robert Simpson Company in numbers?—A. Yes, but they vary from time to time. They may stay for a short time and go again.

*By the Chairman:*

Q. They are not steady?—A. No.

The CHAIRMAN: Then we turn to consignment purchases.

The WITNESS: Yes.

CONSIGNMENT PURCHASES

The company records consignment goods in the same manner as ordinary purchases excepting that separate accounts payable records are kept with suppliers for consignment merchandise. Officials of the company prepared a statement of consignment purchases in 1933, a summary of which is shown on statement No. TT-12. The statement was checked to the records of the company.

The largest number of consignment purchases occur in the Ladies' Dresses and Coats Departments. In other departments the volume is almost negligible. A summary of the consignment transactions in 1933, which involve approximately 150 vendors, is as follows:—

Consignment goods on hand at 4th January, 1933. . . . .	\$ 32,188
Purchases in 1933 (of which \$157,000 represents purchases in the Ladies' Dresses and Coats Departments) . . . . .	174,573
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	\$ 206,761
Payments to vendors in 1933. . . . .	147,090
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	\$ 59,671
Amounts charged back to vendors either for merchandise returned or for reductions in prices. . . . .	43,029
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Consignment goods on hand at 4th January, 1934. . . . .	\$ 16,642
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*By Mr. Sommerville:*

Q. These goods are sent in—A. They are sent in on consignment.

Q. Yes, and the firms have no liability in respect of them?—A. No.

Q. And if they are sold then they are paid for?—A. Yes.

Q. And if they are not sold they are returned?—A. Yes.

Q. And if there are reductions in the prices of these goods what happens then?—A. Well, in some cases, at least, the vendor is charged with a proportion of the reduction in the selling price.

Q. The amount charged back here it seems is for merchandise returned or for reductions in price, \$43,000; you have not got that here?—A. It is shown in the next statement for the larger consignment purchases.

Q. Oh, yes, price reductions \$8,022?—A. A total charged back of \$28,000 on 19 consignment accounts, \$8,000 represented price reductions.

Q. Now, on these price reductions we have had complaints that while there are price reductions the firm never takes any portion of that price reduction, it always maintains its mark-up, and the price reduction has to be entirely taken by the manufacturer sending in the goods on consignment. Can you speak as to that?—A. The records of the company show that the amount charged back to the vendor is in proportion to the reduction in selling price.

Q. Their mark-up then is maintained?—A. No.