

By Mr. Senn:

Q. Will it also account for rentals as well as 6 per cent?—A. The rental which is charged includes the maintenance of buildings, the interest and depreciation, and the depreciation which is included in the rental which Simpsons Limited gets is included in that rent.

By Mr. Sommerville:

Q. Very well, go on?—A. Gross Profits, etc.

From the above table it will be seen that the percentage of gross profit to cost of sales of the Toronto store has not varied in the ten-year period more than 4.4 per cent. A steady annual increase from 40.8 per cent in 1924 to 45.2 per cent in 1929 is shown and in the following three years the percentage dropped to 44.7 per cent, 42 per cent and 41.8 per cent respectively. A considerable improvement was shown in 1933 when the percentage to cost of sales was 44 per cent.

Q. That is a very even course which has been running for ten years?—A. Yes, ten years.

These gross profits results are after charging into cost of sales, a percentage on cost for buying expenses (usually 1 per cent) and in some of the clothing departments a percentage is added to cost to cover alteration expenses.

If these items were eliminated the gross profit percentage would be increased.

Q. These buying expenses of 1 per cent are charged to the department on all?—A. That is, the majority of the departments bear 1 per cent; some of them are higher.

On statement TT-2 is shown a ten-year comparative statement of sales by departments which also shows as a percentage of sales, the initial mark-up and the maintained gross profit of each department and for the Toronto store as a whole. This statement was prepared from the records of the company on which percentages are always shown as percentages on sales, rather than as percentages on cost and they are so shown for this reason.

Q. Have you got the percentages on cost?—A. Not by departments.

Q. But you will have them later?—A. On the specific departments which we have inquired into, yes. Statement TT-2 is of the departments of the store for ten years.

An examination of the percentages of the gross profits to sales shown on this statement for the store as a whole indicates the same trend referred to above.

The following is a summary of the initial mark-up percentage (to sales) for the store as a whole:—

	Percentage
1924	33.9
1925	34.36
1926	34.84
1927	34.89
1928	35.44
1929	35.7
1930	35.39
1931	34.77
1932	34.92
1933	35.3

By Mr. Senn:

Q. Is it customary to estimate the mark-up on sale price rather than on cost price?—A. Yes.

By Mr. Sommerville:

Q. In departmental store business it is usually computed?—A. Yes.