

Q. That is the lowest?—A. Yes.

Q. And these are bought from the samples on the floor?—A. Yes.

Q. And orders are sent into the factory as they are sold?—A. As they are sold.

*By Mr. Young:*

Q. Is there a constant stream?—A. Yes.

Q. Sufficient to keep the staff going all the time in the factory?—A. I would not say that. I don't know that.

Q. It would have the same effect in the factory. These orders coming in would have the same effect or perhaps better than if there were just one big order at the beginning of the season?—A. Well, the factory would have to have a certain stock on hand in order to ship as they required. They don't make up each set individually.

Q. A constant stream of orders flowing into the factory would keep it running steadily, perhaps better than a big order at the beginning of the season, a large one, and no more coming in for another six months?—A. I think that has something to do with the facts I have mentioned.

*By Mr. Sommerville:*

Q. Then, with reference to bedding, and the examples you have illustrated, take the first one?—A. Springs?

Q. Yes, springs?—A. Laid down cost, \$2.59; initial unit selling price, \$3.95; a mark-up of 52.51 per cent.

Q. And the next item?—A. Springs again, laid down unit cost, \$4.50; initial unit selling price, \$6.65; a mark-up of 47.78 per cent.

Q. Here are some expensive mattresses, Peerless mattresses?—A. Unit laid down cost, \$10.33; initial unit selling price, \$14.75; a mark-up of 42.79 per cent.

Q. Take the last item, springs?—A. Laid down unit cost, \$4.50; initial unit selling price, \$6.15; initial mark-up percentage to cost, 36.67 per cent.

Q. I see you have made a general note on sheet D-1 that for the year 1933 the initial mark-up for this department as a whole was 50 per cent on cost, and the gross profit of the department as a whole, after write-downs, shortages, etc., was 44 per cent on cost?—A. Yes.

Q. That covers all instances connected with shortages?—A. Write-downs, yes.

Q. Then, passing to the second item, men's overcoats, will you proceed with that?—A. This men's clothing department is dealt with in one memorandum.

Q. It includes men's overcoats, men's suits and men's custom tailoring?—A. Yes.

Q. Will you proceed?—A. Nature of Business: Prior to 1929 only one men's clothing department was operated, but starting with the year 1929 this department was sub-divided into three departments: No. 260, men's overcoats; No. 262, men's suits; and No. 265, men's custom tailoring. In addition to men's overcoats and suits these departments also handle bathrobes, flannel trousers, knickers and other items of that nature. The sales of men's furnishings, however, as distinct from clothing, are handled by another department. In a great many cases the same manufacturers supply goods to each of the three departments, although in the year 1933, approximately 67 per cent of the total purchases of the custom tailoring department were supplied by one supplier.

Departmental Results: On Statement No. D8 is shown the operating result, in detail of each of the three departments for 1933 and also their combined operating results. For the purpose of this statement the buying expenses charged against purchases have been eliminated therefrom and are shown as expenses. The expenses on this statement have been broken down so as to show separately the interest and depreciation charged to the departments.