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Dear Father

I received your letter of 15th with statement of year's business which as you say is not very encouraging but at the same time might be worse. It is impossible to make a profit in our line of business unless things are pressed up to capacity all the time and the policy of making works for men to keep them going and to prevent their leaving you is one which is invariably carried out with loss to the owners especially when the overhead is not curtailed in the same like proportion.

I will be able to study statement a little more intelligently when I have the comparison you were good enough to say you would send.

It is not for me to criticize when you are doing all the works but from memory would say that expense is seem very little decreased especially Montreal & Calgary and would suggest that further curtailments be made there.

I am also sorry to see accounts payable so high but suppose this is somewhat due to shell equipment purchases although it could not all be accounted for in that way. I think the policy

II  
which I thought we had magnified  
of paying cash and taking discounts  
is the best one.

I would like to know if the shell  
transaction is being kept separate so  
that we can arrive at profit or loss  
resulting from it quite independent of  
our other business and also see if it  
can carry the extra capital expenditure.

To do this, labor & expense accounts  
for making shells would have to be kept  
separately and a proportion of overhead  
added to same. (There is of course no material)

As a matter of fact without knowing if  
this has been done or not makes it  
difficult to analyze figures, as if a large  
expenditure has been entailed (new machines  
and labor on jigs and old machines) and is  
included in above, with no return for  
finished shells things may look  
worse than they really are. On  
the other hand the shell question is  
out of your statement altogether  
it means we have made a \$25,000 loss  
since 1913 or a \$20,000 since 1914.

I hope you will not consider the  
above as a criticism in any way as I am  
fully satisfied that conditions could not have  
been better even if Mr. J had been home  
as perhaps one of us should.

I am sending Wood a copy of this and I am sure he will join with me in thanking you, Mr Morgan, Mr Holmes & Mr Carter as well as other foremen for the efficient way things have been carried on under trying circumstances since our departures.

We both greatly appreciate the very unselfish way in which you did not deter either of us from leaving you with greatly increased responsibilities and your example in assuming an extra burden at your time of life (when you should be taking things easier) will never be forgotten by either of us. I am often asked "and did not Mr Leonard object to your both going" and am rather proud to answer that neither you or dear Mother by word or action ~~has~~ raised any objection to what we considered a call of duty.

Am sorry to hear you are letting your golf fall away. Please try and have at least one game a week, as change and exercise is good. Lizzie is waiting to take this to Wood, who is now about 1000 miles away so will close. Things very quiet here just now. Only an occasional gun being heard.

Your affectionate son  
 Jhb