

From the holdings of  
**Western Archives, Western University**

A.

Before paying any dividend on common stock the following charges (on the average) should be met annually

|                   |             |  |
|-------------------|-------------|--|
| Salaries (30 mos) | 15000.00    |  |
| 10% on tools      | 9500.00     |  |
| 20% on patterns   | 18000.00    |  |
| Bod debts say     | 5000.00     |  |
| Prof. dividend    | 5600.00     |  |
|                   | 5600.00     |  |
|                   | \$ 39700.00 |  |
| say               | \$ 40000.00 |  |

For year ending 30/6/16 for above items we took

|                    |             |  |
|--------------------|-------------|--|
| Salaries           | 15000.00    |  |
| Tools              | 23742.08    |  |
| Patterns           | 1963.54     |  |
| Bod debts          | 8297.92     |  |
| Prof. Div <u>d</u> | 5600.00     |  |
|                    | 54603.54    |  |
| say                | \$ 55000.00 |  |
|                    | 40000.00    |  |
|                    | \$ 15000.00 |  |

Therefore Profit and loss balance of approx \$10000 (after deducting debit of last year) shows an additional profit of \$15000.00 which has been used in improving our position. If this is right our real profit for the

B

year should be made up as follows (all figures approx)  
Profit and loss - 10000  
Debit written off 10000  
amt. used in improving position as above 15000  
Total \$ 35000.00

I have no data available to give me the shell output for the year ending 30/6/16 but we will suppose it to be 60000 shells.

Figuring on an average of 12000 shells a month for the coming year our output for that period should be 144000 shells or to be on safe side let us say 120000 shells. This is twice the output for the past year. Everything being equal we should be able to figure on twice the profit or say \$70000. This is of course out of the question largely on account of decreased prices, additional labor costs etc. and increased cost of material used in connection with sales

C  
of our own legitimate products.  
at the end of December  
we ought to be able to tell  
approximately what showing  
may reasonably be expected  
after 30/6/17.

Our decision re the  
purchase of the preference stock  
should largely be based on  
how things look at the end  
of December. Therefore we  
should wait until then before  
deciding whether to take up  
the option or not.