

EWL & EIL.

From the holdings of
Western Archives, Western University

Sept. 20th/1916.

RSH/C.

Dear Sir,-

We are forwarding the statements for year ending June 30th/1916 and regret that we cannot give you a more favorable statement, but at the same time you will see that the financial standing of the Company is in a more favorable position and I will endeavor to explain matters as well as it is possible in writing.

In the sales for general business we have included the item (shell stock tooling up), \$43,614.25, this represents the over hauling of the various tools and fitting same up to make shells, also includes the material used. It is a large item, but would say that we have added 100% burden to the labor, or in other words some \$15,000.00.

The merchandise that went into the goods in our general line that was sold you will see by comparing with 1915 is some \$40,000.00 more. This would be accounted for in two or three ways. The first, it would show that a large amount of stock that was manufactured and on hand and on which no labor had entered into of any account the past year, and second in making up our 1915 inventory the tooling up we had done in May and June was taken in to our inventory as it was only in a partial finished shape and it was thought then to be the better way to allow same to go in with the inventory, and third it was more difficult in June of 1916 to take our stock owing to the fact that the machine shop was completely cleared of any parts and put in the ~~nothing~~ shed and wherever we could get storage for same which made it very difficult to get its correct value, and as it was to our interest to keep the stock taking as low as possible.

I have compiled a statement of our shell account and also of the general account on general business. It is however, rather difficult to know just what proportions certain items should be charged to the respective accounts, for instance our fuel account I have charged the full amount to the shells, also half of the interest paid during the year. Depreciation on patterns is not really chargeable to the shell account but I have carried same in there. There was also a debit in reserve fund June 30th, 1915 of \$10,074.41, which really should not be chargeable to the shell account of 1916. I have also charged half the dividends as is noted on the statement. Part of the London expense is really chargeable to the manufacturing of shells, but you will observe that the same has not been divided, as it is really impossible just to say what portion of same should be charged.

Our accounts that have been written off are about \$6,000.00 more than a year ago, a memo of which we have made up for you and in the case of Cushing Bros. we have written

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half the account off to Profit & Loss. Then you will notice in the general account I have carried the balance of Mrs. E. W. L. & E. I. L.'s salary not drawn out to this account, then you will notice on the bottom of the same sheet comparison of assets and liabilities between June 30/15 and June 30/16, showing the various accounts in which increases and decreases have been made. The net decreases in our liabilities have been decreased \$96,206.42, on the other hand we have reduced our assets \$73,962.95.

I would point out that in considering statements mailed you to take into consideration the large sum we have carried to depreciation on tools and patterns which amounts to \$25,705.62, this really represents all the new tools we purchased and which have all been paid for and which is the proceeds from the shell contracts.

Regarding our branches, would say that the sales from our Montreal office have for our year just past were \$37,373.41, against \$57,269.95 previous year, a falling off of \$20,000.00. You will observe however, that this branches expenses are reduced about \$2400.00.

Re St. John Branch. The total sales from this branch for the year just past was \$53,470.12, against \$60,562.04 previous year, a difference of \$7,092.92, the expenses however at this branch has been reduced about \$500.00, which makes such better comparison than the Montreal branch.

Re Calgary. Total sales for the year just ending was \$5,619.40, and the previous year \$28,630.12, and the expense shows a difference of \$2,809.71, so that it is seen very easily that this branch has been heavy expense and really a dead loss. We might say that from January 1st to June 30th our sales in Calgary have been \$260.70.

If after going through the enclosed statements you find that there are any further details or particulars that you would like to have any details of or light thrown on, will be pleased to supply you with same.

I am pleased to note that you are both in good health and have escaped this far any injury or mishap and trust that you will return without any accident.

Yours very truly,

E. LEONARD & SONS, LIMITED.

Per _____

Enclos-As stated.