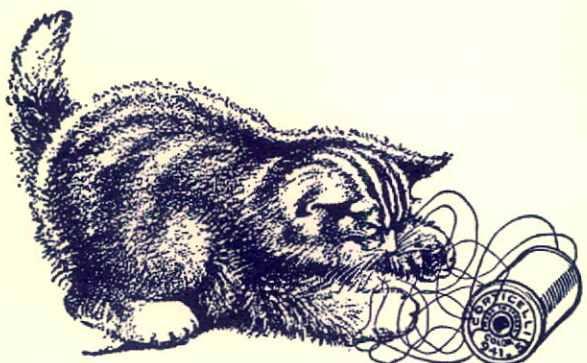


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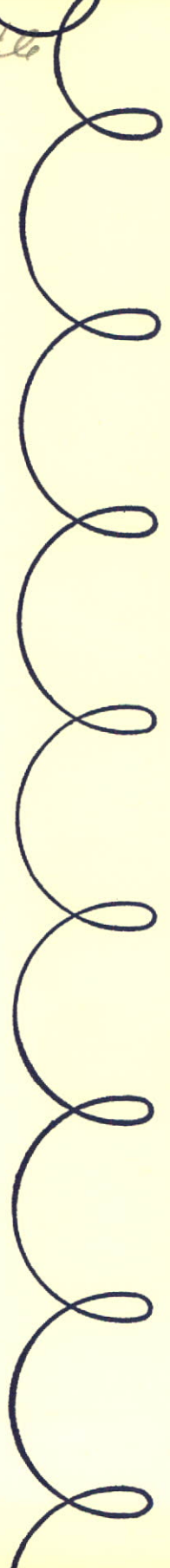
48th
Annual Report

For Year Ended December 31st *1959*



Belding-Corticelli
Limited

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Belding-Corticelli *Limited*

A N N U A L R E P O R T F O R 1 9 5 9

Board of Directors

H. H. BLAND

A. S. BRUNEAU, q.c.

J. N. COLE

J. D. JOHNSON

D. F. POLLOCK

L. B. RAMSEY

O. B. THORNTON

R. C. VAUGHAN

Officers

L. B. RAMSEY

President

J. N. COLE

Vice-President

H. H. BLAND

General Manager

R. H. ALSTON

Secretary-Treasurer



Registrars

Montreal Trust Co.

Transfer Agents

The Royal Trust Co.

The Auditors' Report

29th February 1960

TO THE PRESIDENT AND SHAREHOLDERS
BELDING-CORTICELLI LIMITED
MONTREAL, QUEBEC.

We have examined the balance sheet of Belding-Corticelli Limited as at 31st December 1959 and the statements of profit and loss and surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of profit and loss and surplus present fairly the financial position of the company as at 31st December 1959 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, according to the best of our information and the explanations given to us and as shown by the books of the company.

(Signed) Riddell, Stead, Graham & Hutchison,
Auditors

460 ST. JOHN STREET
P.O. BOX 2398 PLACE D'ARMES
MONTREAL 1



PROPERTY AND EQUIPMENT were as usual kept in excellent condition.

Purchase of new machinery amounted to \$49,563 against \$100,197 in 1958.

LABOUR RELATIONS. A new contract covering our Montreal Mills for two years to run from March 1st, 1959, to February 28th, 1961, was signed with the Textile workers Union of America (A.F. of L.-C.I.O.). Our contract with the same Union covering our St. Johns Mill employees expired on December 19th and preliminary talks with a view of negotiating a new contract were under-way at the end of the year. The two year agreement with the National Catholic Syndicates (C.C.C.L.) covering our Coaticook Mills employees expires April 2nd, 1960. On April 3rd, 1959, the provision of the existing contract reducing hours of work from 48 to 45 with same take-home pay became effective, increasing our labour costs 6.6%.

With the great influx of Braided Elastics from Japan, mentioned above, and increasingly strong competition from Great Britain in other Narrow Fabric Lines which we make, we were unable to operate at, or near, capacity in our Coaticook Mills.

GENERAL. The Brief covering Narrow Fabrics was presented before the Tariff Board last September and we are anxiously awaiting their recommendations.

Your Company's Executives actively participated in the preparation of this Brief. We have plans for consolidation of some of our manufacturing, and other moves, which we are confident will eventually result in lower costs, but they will of necessity disrupt to some extent operations in the Mills affected in 1960.

If our Government at Ottawa succeeds in negotiating a fair quota agreement with Japan and the general economy of our country keeps improving, we could expect to operate our mills at a higher capacity in 1960.

During the year Mr. David F. Pollock, our Secretary-Treasurer, asked for his retirement after 40 years of faithful and efficient service, and he was replaced by Mr. Robert H. Alston, C.P.A., formerly our Comptroller.

On March 31st, 1959, Mr. W. P. MacDougall, a former President and Board Chairman, resigned from the Board of Directors on account of ill-health, and Mr. H. H. Bland, our General Manager, was elected in his place.

We have to record with very great regret the death of Mr. MacDougall shortly after his resignation.

He had guided the destinies of your Company with great ability and foresight for many years. He was an employee for 59 years and remained on the Board an additional 4 - a total connection of 63 years. A truly remarkable record.

Your Directors again wish to pay tribute to the fine spirit of loyal co-operation displayed by our employees throughout our whole organization during 1959.

Submitted on behalf of the Directors,

A. H. Bland

President.



Corticelli
MADE IN CANADA

Belding-Corticelli
Limited

For presentation to the Shareholders at the Annual General Meeting to be held at the Head Office, 1455 Shearer Street, Montreal, on Thursday, April 7th., 1960.

48th ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS

Your Directors submit the Forty-Eighth Annual Report and the Financial Statement covering the operations of your company for the twelve months ended December 31st, 1959, which has been certified by your Auditors, Messrs. Riddell, Stead, Graham & Hutchison.

SALES AND EARNINGS. Total sales for the year exceeded those of 1958 by 8½%, resulting in the highest figure since 1951 and the fourth highest in our Company's history. The years when total sales were higher included the period when women's hosiery was selling at approximately twice the price prevailing during 1959. The high sales volume helped our year's operations very materially. However, due to even lower prices than prevailed in the previous year in hosiery and knitwear, and to the impact on prices of foreign competition, especially from Japan, our net profit was lower by \$3,983.

Imports of Japanese Braided Elastic particularly, and of some other lines, continue to be a very serious problem to us. From a figure of 30,000 lbs. in 1953, imports from Japan of Braided Elastic grew to 455,000 lbs. in 1958, and it is estimated were about 600,000 lbs. in 1959. In seven years, therefore, Japanese imports in this line increased twenty-fold, from 3% of the Canadian market to 60% of the Canadian market.

The importance to your Company of holding Japanese Exports of Elastics and other textiles to this country to a reasonable percentage of our domestic market is obvious. Late in the season an agreement was reached with the Chadbourn-Gotham Hosiery Co. of the United States whereby our Company takes over the manufacture and marketing of Gotham Gold Stripe Brand in Canada. Gotham Hosiery has been on the Canadian market for many years and has achieved a fine reputation and we are satisfied this move will add materially to our hosiery sales and earnings in 1960.

Net Earnings for the year after all charges amounted to \$135,999. This compares with a figure of \$139,982. in 1958.

Due to a substantial drop late in the season in the price of yarns used for hosiery and knitwear, we have felt it prudent to take extra depreciation of \$25,000 in our hosiery inventory, which we have transferred from Inventory Reserve Account.

DIVIDENDS. Regular dividends at the rate of 7% were paid on Preferred Shares and a dividend in stock was distributed to Common Stock Shareholders.

FINANCIAL ACCOUNTS. All contingent reserves, including Inventory Reserve, have been shown under the heading of "Appropriated Surplus" on the Balance Sheet and Working Capital now stands at \$2,517,168.

The Ratio of Current Assets to Current Liabilities works out at 6 to 1.

Our balance in bank at December 31st, 1959, was \$92,601 against Bank Loan of \$100,000 and Investments increased \$11,238 to \$85,238 during the year.

Depreciation on Properties and Equipment was \$119,391 and the accumulated figure now is \$3,975,338 leaving net valuation of Capital Assets of \$1,221,614. As these are insured for \$4,390,000 on an actual value basis it is evident that there is a strong base for expansion, and we believe some expansion of production facilities would become a necessity if Japanese imports were to be curtailed.



Corticelli
MADE IN CANADA

Belding-Corticelli
Limited

Balance

AS AT DEC

ASSETS

| | 31st December <u>1959</u> | 31st December <u>1958</u> |
|---|---------------------------------|---------------------------------|
| CURRENT ASSETS | | |
| Cash | \$ 92,601 | \$ 177,701 |
| Marketable securities, at cost (Approximate market value \$21,100 in 1959 and \$24,500 in 1958) | 25,000 | 25,000 |
| Notes receivable — current portion | 8,000 | 7,000 |
| Accounts and bills receivable, less allowance for doubtful accounts | 839,538 | 692,113 |
| Inventories of manufactured and partly manufactured products, raw materials, supplies, etc., at the lower of cost or market (less reserve of \$410,892 in 1958) | 2,049,802 | 1,451,512 |
| <i>Total current assets</i> | <u>3,014,941</u> | <u>2,353,326</u> |
| OTHER INVESTMENTS — at cost | | |
| Notes receivable, less current portion | 41,000 | 42,000 |
| Common shares | 11,238 | — |
| | <u>52,238</u> | <u>42,000</u> |
| GOODWILL AND TRADEMARKS | | |
| | <u>1</u> | <u>1</u> |
| PROPERTY ACCOUNTS | | |
| Real estate, plant, machinery and equipment | 5,196,952 | 5,184,535 |
| Less: Accumulated depreciation | 3,975,338 | 3,887,963 |
| | 1,221,614 | 1,296,572 |
| DEFERRED CHARGES | | |
| Insurance, taxes, etc. | 33,917 | 20,735 |
| Coaticook power contract | 38,062 | 40,312 |
| | <u>71,979</u> | <u>61,047</u> |
| | <u>\$4,360,773</u> | <u>\$3,752,946</u> |

APPROVED ON BEHALF OF THE BOARD:

L. B. RAMSEY, *Director.*

J. N. COLE, *Director.*

Sheet

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LIABILITIES

| | 31st December 1959 | 31st December 1958 |
|---|--------------------------|--------------------------|
| CURRENT LIABILITIES | | |
| Bank loans | \$ 100,000 | — |
| Accounts payable and accrued liabilities | 373,017 | \$283,276 |
| Provision for income taxes less instalments paid | 9,956 | 50,720 |
| Dividend payable | 14,800 | 14,800 |
| <i>Total current liabilities</i> | <u>497,773</u> | <u>348,796</u> |
| | | |
| DUE TO PENSION FUND — PAST SERVICE | — | 17,002 |
| | | |
| CAPITAL STOCK | | |
| Authorized — | | |
| 84,570 7% cumulative preferred shares of \$10 each | | |
| 250,000 common shares of no par value | | |
| Issued and fully paid — | | |
| 84,570 preferred shares | 845,700 | 845,700 |
| 84,601 common shares (76,910 in 1958) | 776,791 | 769,100 |
| | <u>1,622,491</u> | <u>1,614,800</u> |
| | | |
| CAPITAL SURPLUS | 40,312 | 40,312 |
| | | |
| EARNED SURPLUS — Unappropriated | 1,296,934 | 1,210,824 |
| — Appropriated | 903,263 | 521,212 |
| | <u>2,200,197</u> | <u>1,732,036</u> |
| | <u>\$4,360,773</u> | <u>\$3,752,946</u> |

STATEMENT OF
Profit and Loss

For the Year ended 31st December 1959

| | Year ended 31st December 1959 | Year ended 31st December 1958 |
|--|-------------------------------------|-------------------------------------|
| Profit from operations after transferring \$25,000 in 1959 from the inventory reserve, before providing for the undernoted items | \$ 382,114 | \$ 419,367 |
| Profit on sale of investments | — | 874 |
| Income from investments | 4,479 | 4,440 |
| Profit on sale of fixed assets | 1,155 | (525) |
| | \$ 387,748 | \$ 424,156 |
| Depreciation | 119,391 | 134,138 |
| Pension fund contribution | 31,591 | 31,778 |
| Directors' remuneration | 6,477 | 6,460 |
| Executive remuneration | 52,067 | 53,300 |
| Legal expense | 917 | 589 |
| Provision for income taxes | 41,306 | 57,909 |
| | \$ 251,749 | \$ 284,174 |
| <i>Net profit</i> | \$ 135,999 | \$ 139,982 |

NOTE: As a result of the company's intention to claim for tax purposes capital cost allowances in excess of the depreciation recorded in the accounts, the provision for income taxes is approximately \$20,000 less than the provision that would otherwise have been charged against income. This difference is applicable to those future periods in which the amounts that can be claimed for tax purposes may be less than the depreciation recorded in the accounts. The accumulated amount by which income taxes have been so reduced in this and prior years is approximately \$84,000.

STATEMENT OF
Surplus

For the Year ended 31st December 1959

| | Year ended 31st December 1959 | Year ended 31st December 1958 |
|--|-------------------------------------|-------------------------------------|
| Capital surplus — | | |
| Balance as at beginning of year | \$ 40,312 | \$ 74,000 |
| Less: Amortization of Coaticook Power franchise previously charged to earned surplus | — | 33,688 |
| Balance as at end of year | \$ 40,312 | \$ 40,312 |
| Earned surplus — | | |
| Unappropriated — | | |
| Balance as at beginning of year | \$1,210,824 | \$1,071,506 |
| Add: | | |
| Net profit for the year | 135,999 | 139,982 |
| Amortization of Coaticook Power franchise transferred from capital surplus | | 33,688 |
| Transfer from pension fund reserve | 17,001 | 24,847 |
| | 1,363,824 | 1,270,023 |
| Deduct: | | |
| Dividends declared during the year — | | |
| Preferred shares, paid in cash | 59,199 | 59,199 |
| Common shares, paid in common stock | 7,691 | — |
| | 66,890 | 59,199 |
| Balance as at end of year | \$1,296,934 | \$1,210,824 |
| Appropriated — | | |
| Employees' benefit reserve | \$ 158,087 | \$ 158,087 |
| Contingent reserves | 88,830 | 88,830 |
| Plant improvement reserve | 95,454 | 99,295 |
| Special depreciation reserve | 175,000 | 175,000 |
| Transfer of inventory reserve | 385,892 | — |
| Balance as at end of year | \$ 903,263 | \$ 521,212 |

Belding-Corticelli Limited

TRADE NAMES and MARKS of DISTINCTION

DENOTE

QUALITY and SERVICE

FROM

COAST to COAST

Beldings
MADE IN CANADA



Corticelli
MADE IN CANADA

Christian Dior

EXOTIC

daisy
fresh

CORTY THE KITTEN

NYCORT



Corticelli



"NYCARA"



Belding-Corticelli Limited



Annual Report for 1959

Belding-Corticelli
Limited

