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THE HAMILTON COTTON CO., Limited

HAMILTON, ONTARIO

SEVENTH ANNUAL REPORT

For Year Ending December 31st, 1934

February 11th, 1935.

To the Shareholders:—

The Directors submit herewith the Seventh Annual Report and Financial Statements of the Company, as at December 31st, 1934. In accordance with the Company's Act 1934 the statement of our subsidiary, the Trent Cotton Company, is consolidated with the statement of the parent Company.

After pricing inventories at market or lower, providing for all manufacturing, selling, administrative expenses and depreciation, the gross profits for the year were \$188,735.67. From this has been deducted Bond Interest, Directors' Fees, and Reserve for Income Tax, leaving \$118,915.67 carried to Surplus.

Compared with last year the increases in volume of production and sales are generally encouraging, though in certain of our lines competitive conditions are trying. At the present time forward bookings are satisfactory.

The physical condition of the Plant has been well maintained and ample provision made for depreciation.

The borrowings of the Trent Cotton Company, previously shown as a contingent liability, are now incorporated in this statement. The Trent Cotton Company since its inception has shown progressive improvement.

A dividend of 50 cents a share on account of arrears of Dividend has been declared on the Preference Shares outstanding, payable April 1st, 1935, to shareholders of record at the close of business on March 15th, 1935.

The Directors wish to express again their appreciation of the loyal co-operation of the Staff.

By Order of the Board,

ALAN V. YOUNG,
President

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THE HAMILTON COTTON CO., Limited
And Its Subsidiary
TRENT COTTON COMPANY LIMITED

BALANCE SHEET AS AT 31st DECEMBER 1934

ASSETS

Current Assets:—			
Cash in Bank and on Hand.....	\$	15,963.80	
Accounts and Bills Receivable.....		218,656.01	
Deposits with Fire Insurance Co.....		26,562.24	
Stock on hand.....		625,678.34	886,860.39
Deferred Expenses.....			10,710.19
Fixed Assets:—			
Real Estate, Buildings, Machinery and Equipment.....		2,786,002.84	
Less Reserve for Depreciation.....		946,286.15	1,839,716.69
Miscellaneous Securities.....			5,952.00
			<u>\$2,743,239.27</u>
Approved on behalf of Directors,			
ALAN V. YOUNG, Director.			
JAMES V. YOUNG, Director.			

AUDITORS' CERTIFICATE

We have examined the books and accounts of the Hamilton Cotton Co., Limited and its subsidiary, Trent Cotton Company Limited, for the year ended 31st December 1934.

We certify that all our requirements as Auditors have been complied with, and that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Company and its wholly owned Subsidiary Trent Cotton Company Limited, according to the best of our information and the explanations given to us, and as shown by the books of these Companies.

The Stock on hand is taken at cost or market whichever is lower, and is certified by the Management.

The Real Estate, Buildings, Machinery and Equipment are shown at appraisal value by Lockwood, Greene & Co. of Boston dated 5th April 1928, and subsequent additions at cost.

C. S. SCOTT & CO.,
Chartered Accountants.

Hamilton, Ontario, 24th January, 1935.

LIABILITIES

Current Liabilities:—			
Accounts Payable.....	\$	20,859.23	
Accrued Wages, etc.....		24,772.41	
Bond Interest Accrued.....		11,192.50	
Bank Loan.....		230,000.00	
Provision for Federal and Other Taxes (estimated).....		22,000.00	\$ 308,824.14
Secured Notes Trent Cotton Co. Limited due May 1st, 1939.....			85,000.00
First Mortgage Sinking Fund Gold Bond Series A. due 1st April			
1948—5½%		1,000,000.00	
Less redeemed through Sinking Fund or held for redemption		187,000.00	813,000.00
Capital:—			
20,000 Cumulative Con. Sinking Fund Preferred Shares			
Issued.....		600,000.00	
Less redeemed and cancelled.....		29,640.00	570,360.00
20,000 Common Shares.....			600,000.00
Capital Surplus.....	\$	156,090.39	
Distributable Surplus.....		91,049.07	
Earned Surplus 1934.....		118,915.67	366,055.13
			<u>\$2,743,239.27</u>

NOTE —The dividends on the Cumulative Convertible Sinking Fund Preference Shares are in arrears from 1st January 1932, and on 31st December 1934, amounted to \$114,072.00. The secured notes are part of what was previously shown as the contingent liability of the parent Company. The remainder of the contingent liability is shown now as a current liability.

THE HAMILTON COTTON CO., Limited
And Its Subsidiary
TRENT COTTON COMPANY LIMITED

SCHEDULE "A"

SURPLUS ACCOUNT

Balance as at 31st December 1933.....	\$282,375.32
Less Federal and Other Taxes prior to 1934.....	5,833.37
	<u>276,514.95</u>
Non-recurring Losses and Reserve against unused Plant less Profit on Bonds and Shares acquired for Sinking Fund charged against Capital Surplus....	29,402.49
	<u>247,139.46</u>
Add Profits for year to 31st December 1934, per Schedule "B".....	118,915.67
	<u><u>\$366,055.13</u></u>

SCHEDULE "B"

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR YEAR ENDED 31st DECEMBER 1934

Net operating Profit after Depreciation*.....		\$187,808.33
Income from Investments.....		927.34
		<u>188,735.67</u>
Deduct—		
Bond Interest.....	\$46,420.00	
Provision for Federal and Other Taxes.....	22,000.00	
Directors Fees.....	1,400.00	69,820.00
		<u><u>\$118,915.67</u></u>

*Provision for Depreciation of Fixed Assets at same rates as last year amounted to \$102,412.78.