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

NINTH ANNUAL REPORT
For Year Ending December 26th, 1936

February 18th, 1937.

To the Shareholders:

Your Directors submit herewith the Ninth Annual Report and Financial Statement of the Company, as at December 26th, 1936.

After pricing inventories at established or market values, providing for all manufacturing, administrative, selling expenses, depreciation, and Bond Interest, the gross profits for the year were \$132,537.60. From this has been deducted Directors' Fees and Reserve for Income Tax, leaving a net profit of \$109,137.60.

Four quarterly dividends were paid on account of Preferred Dividends in arrears, amounting to \$38,024.00. Surplus now stands at \$490,095.73 as compared with \$421,624.92 last year.

The improvement in business throughout the year is reflected in the increased profits, and the outlook for the coming year is reassuring.

The physical condition of the plant has been well maintained, with ample provision made for depreciation. Additions to plant and equipment have been undertaken, primarily the installation of high pressure boilers for the purpose of developing our own power and at the same time providing for necessary process steam requirements, which we feel will be of distinct advantage in the Company's operations.

Your Directors wish again to express their appreciation of the co-operation of the staff.

By Order of the Board,

ALAN V. YOUNG,
President.

THE HAMILTON COTTON CO., Limited

And Its Subsidiary

TRENT COTTON COMPANY LIMITED

BALANCE SHEET AS AT 26th DECEMBER, 1936

ASSETS

Current Assets:—

Cash in Bank and on Hand	\$ 154,956.15	
Accounts and Bills Receivable	262,675.13	
Deposits with Fire Insurance Co.	16,172.75	
Stock on hand	466,549.73	\$ 900,353.76

Deferred Expenses..... 15,254.15

Fixed Assets:—

Real Estate, Buildings, Machinery and Equipment.	2,868,882.08	
Less Reserve for Depreciation	1,127,160.91	1,741,721.17

Miscellaneous Securities (Book Value)..... 2,082.00
\$2,659,411.08

Approved on behalf of Directors,
J. V. YOUNG, Director.
F. ALLEN, 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 26th December, 1936.

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 established or market value, 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.

Hamilton, Ontario, 28th January, 1937.

C. S. SCOTT & CO.
Chartered Accountants.

LIABILITIES

Current Liabilities:—

Accounts Payable	\$ 104,015.58	
Accrued Wages, etc.	21,271.11	
Bond Interest Accrued.....	10,353.75	
Provision for Federal and Other Taxes (estimated) ..	25,315.11	\$ 160,955.55

Secured Notes Trent Cotton Co., Ltd., due May 1st, 1939 85,000.00

First Mortgage Sinking Fund Gold Bonds Series A, due 1st April,
1948—5½%..... 1,000,000.00
Less redeemed through Sinking Fund, or held for redemption..... 247,000.00 753,000.00

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 153,744.77
Distributable Surplus..... 356,350.96 490,095.75

\$2,659,411.08

NOTE—The dividends on the Cumulative Convertible Sinking Fund Preference Shares are in arrears from 1st October, 1935, and on 31st December, 1936, amounted to \$123,578.00.

THE HAMILTON COTTON CO., Limited

And Its Subsidiary

TRENT COTTON COMPANY LIMITED

SCHEDULE "A"

SURPLUS ACCOUNT

Balance as at 28th December, 1935.....		\$421,624.92
DEDUCT:—		
Loss on Securities sold	\$ 2,345.62	
Federal Taxes for period prior to 1936.....	297.17	2,642.79
		<u>\$418,982.13</u>
Add Profits for year to 26th December, 1936, as per Schedule "B"	109,137.60	
Less Dividends paid on Cumulative Con. Sinking Fund Preferred Shares.....	38,024.00	71,113.60
		<u>\$490,095.73</u>

SCHEDULE "B"

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 26th DECEMBER, 1936

Net Operating Profit after Depreciation, Management and Executive Salaries, etc.*		\$173,072.60
Income from Investments.....		55.00
		<u>\$173,127.60</u>
DEDUCT:—		
Bond Interest	\$ 40,590.00	
Provision for Federal and Other Taxes	22,000.00	
Directors' Fees	1,400.00	63,990.00
		<u>\$109,137.60</u>

*Provision for Depreciation of Fixed Assets amounted to \$122,281.25 and the Executive remuneration to \$29,953.90.