

C
Stack

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

THIRTEENTH ANNUAL REPORT
For Year Ending December 28th, 1940

February 25th, 1941

To the Shareholders,—

Your Directors submit herewith the Thirteenth Annual Report and Financial Statement of the Company, as at December 28th, 1940.

After pricing inventories at not more than the lower of cost or market value, providing for all manufacturing, administrative, selling expenses and depreciation, and after deducting Bond Interest, Directors' Fees and making provision for Federal and Provincial Taxes and Excess Profits Tax to the amount of \$329,500.00, the Net Profits were \$137,948.15.

During the year the regular quarterly Dividends of 50c per share were declared and paid. Extras to the extent of 75c per share were paid during the year and a further extra of \$1.25 per share was declared and accrued for payment January 2nd, 1941. This leaves the arrears of Dividends on the Preference Stock at \$4.00 per share as at this date.

The heavy demand for certain of our products for War purposes added to our regular trade, resulted in the largest production and sales in the Company's history. We were fortunate in having completed, during 1939, the overhaul of machinery mentioned in previous reports, which permitted our taking care of this demand for our product to a much larger extent and more economically than would have been possible otherwise. We are still operating at a very high rate and our production is sold ahead for some months.

The plant has been well kept up during the year and depreciation was charged to allow for the extra wear and tear on machinery due to continuous overtime operation.

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

By Order of the Board of Directors,

ALAN V. YOUNG,
President.

PURVIS HALL
LIBRARIES

FEB 4 1941

McGILL UNIVERSITY

THE HAMILTON COTTON CO., Limited

And Its Subsidiary

TRENT COTTON COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 28, 1940

ASSETS

Current Assets:—			
Cash on hand and in banks.....	\$	287,340.59	
Accounts and Notes Receivable.....		406,677.68	
Investment in Dominion of Canada Bonds at Cost (Market Value \$108,952.00).....		108,652.00	
Inventories at not exceeding the lower of cost or market value as determined and certified to by responsible officials of the Company.....		684,366.69	
Deposits with Fire Insurance Company.....		16,148.41	\$ 1,503,185.37
Deferred Charges.....			
		13,619.26	
Other Investments.....			
		1,002.00	
Fixed Assets:—			
Real Estate, as appraised by Mr. F. Kent Hamilton, under date of April 5, 1928.....	\$	153,892.00	
Buildings Machinery and Equipment as appraised by Lockwood, Greene & Co., Inc., under date of April 5, 1928, at replacement cost less depreciation, with subsequent additions at cost, less adjustments.....	\$	3,156,872.02	
Deduct Reserve for Depreciation.....		1,563,230.70	1,593,641.32
			1,747,533.32
Signed on behalf of the Board:			
ALAN V. YOUNG, Director			
FRED ALLEN, Director			
TOTAL			\$ 3,265,339.95

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the accounts of The Hamilton Cotton Company, Limited, and its subsidiary company, Trent Cotton Company, Limited, for the period from December 31, 1939, to December 28, 1940, and in accordance with the provisions of the Companies Act (Dominion), we have to report that we have obtained all the information and explanations we have required, and, in our opinion, the appended Consolidated Balance Sheet as at December 28, 1940, is properly drawn up so as to exhibit a true and correct view of the state of the Companies' affairs, on a consolidated basis, as at December 28, 1940, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

Hamilton, Ontario, February 13, 1941.

PEAT, MARWICK, MITCHELL & CO.,
Auditors.

LIABILITIES

Current Liabilities:—			
Accounts Payable.....	\$	78,754.59	
Accrued Wages, etc.....		54,719.06	
Preferred Dividend due January 2, 1941.....		32,033.75	
Reserve for Dominion and Provincial Income, Excess Profits and Corporation Taxes — Estimated.....		324,812.70	
Accrued Bond Interest.....		16,694.00	\$ 507,014.10
First Mortgage and Collateral Trust Bonds:			
3% Serial Bonds due August 1, 1941, to August 1, 1943.....	\$	187,000.00	
4¼% Sinking Fund Bonds due August 1, 1950.....		850,000.00	\$ 1,037,000.00
Capital Stock:—			
Authorized:			
Cumulative Convertible Sinking Fund Preference Stock, 20,000 shares of a par value of \$30.00 each.....		600,000.00	
Common Stock, 20,000 shares of a par value of \$30.00 each.....		600,000.00	
Issued:			
Preference shares 20,000 shares fully paid.....		600,000.00	
Less redeemed 1,695 shares.....		50,850.00	
		18,305 shares	549,150.00
Common shares—20,000 shares fully paid.....		600,000.00	\$ 1,149,150.00
Surplus:			
Capital.....		67,497.48	
Earned.....		504,678.37	
TOTAL			\$ 3,265,339.95

NOTE:— Dividends on the Cumulative Preference Stock are in arrears in the amount of \$73,220.00 after the payment on January 2, 1941, of dividend of \$32,033.75 declared and provided for in this statement.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Operating Profit after deduction of Depreciation of \$247,457.80 and payment of Executive Salaries in the amount of \$48,739.36		\$ 509,461.27
Income from Investments.....		<u>1,560.30</u>
		\$ 511,021.57
DEDUCT: —		
Bond Interest.....	\$ 42,173.42	
Directors' Fees.....	1,400.00	
Provision for Dominion and Provincial Taxes.....	<u>329,500.00</u>	<u>373,073.42</u>
Net Profit for Period ended December 28, 1940.....		<u>\$ 137,948.15</u>

CONSOLIDATED SURPLUS ACCOUNT

EARNED SURPLUS:—

Balance as at December 30, 1939.....		\$ 440,092.72
ADD: —		
Net Profit for Period ended December 28, 1940.....	\$ 137,948.15	
Less Dividends on Preference Stock paid and accrued during 1940.....	<u>73,362.50</u>	<u>64,585.65</u>
Earned Surplus as at December 28, 1940.....		<u>\$ 504,678.37</u>

CAPITAL SURPLUS:—

Balance as at December 30, 1939.....		\$ 83,995.12
DEDUCT: —		
Loss on disposal of Machinery, etc.....	\$ 14,947.64	
Premium on Redemption of Preference Stock.....	900.00	
Loss on Sale of Investments.....	<u>650.00</u>	<u>\$ 16,497.64</u>
Capital Surplus as at December 28, 1940.....		<u>\$ 67,497.48</u>