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THE HAMILTON COTTON CO., Limited
HAMILTON, ONTARIO

And Its Subsidiary
TRENT COTTON COMPANY LIMITED

FOURTEENTH ANNUAL REPORT
For Year Ending December 27th, 1941

February 23rd, 1942.

To the Shareholders,—

Your Directors submit herewith the Fourteenth Annual Report and Financial Statement of the Company, as at December 27th, 1941.

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 \$359,500.00, the Net Profits were \$135,750.79.

During the year the regular quarterly Preference Dividends of 50c per share were declared and paid. Extras to the extent of \$2.00 per share were paid during the year and a further extra of \$1.25 per share was declared and accrued for payment on January 2nd, 1942. This leaves the arrears of Dividends on the Preference Stock at \$2.00 per share as at this date.

There has been no shortage of cotton, our basic raw material, but the supply of rubber thread is now cut off and we will be unable to continue the manufacture and sale of elastic fabrics when present supplies are exhausted. Our civilian prices are now controlled by the Wartime Prices and Trade Board.

Production and Sales have again increased and we anticipate a continuation of this demand with a growing portion going to meet the National requirements.

The plant has been maintained in an efficient condition and depreciation charged at the usual rates.

The 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.

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THE HAMILTON COTTON CO., Limited

And Its Subsidiary

TRENT COTTON COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 27, 1941

ASSETS

Current Assets:—

Cash on Hand and in Banks	\$ 155,946.22	
Accounts and Notes Receivable	417,012.69	
Investment in Dominion of Canada Bonds at Cost (Market Value of \$2,531.25)	2,525.00	
Due from Employees re Victory Loan Subscriptions, secured by Dominion of Canada Bonds (Market Value \$24,477.00)	6,005.75	
Inventories at not exceeding the lower of cost or market value as determined and certified to by responsible officials of the Company	1,314,879.31	
Deposits with Fire Insurance Company	21,647.37	
	<u>\$ 1,918,016.34</u>	
Deferred Charges	6,986.16	
Other Investments	3,527.00	

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	\$ 3,220,555.40	
Deduct Reserve for Depreciation	<u>1,772,364.12</u>	<u>1,448,191.28</u>
		<u>1,602,083.28</u>

Signed on behalf of the Board:

ALAN V. YOUNG, Director
JAMES V. YOUNG, Director

TOTAL \$ 3,530,612.78

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 29, 1940, to December 27, 1941, 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 27, 1941, 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 27, 1941, 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 12, 1942

PEAT, MARWICK, MITCHELL & CO.,
Auditors.

LIABILITIES

Current Liabilities:—

Accounts Payable	\$ 258,779.00	
Accrued Wages, etc.	56,608.28	
Preferred Dividend due January 2, 1942	31,692.50	
Reserve for Dominion and Provincial Income, Excess Profits and Corporation Taxes — Estimated	412,363.54	
Accrued Bond Interest	16,192.82	
	<u>\$ 775,636.14</u>	

First Mortgage and Collateral Trust Bonds:

3% Serial Bonds due August 1, 1942, to August 1, 1943	\$ 127,000.00	
4¼% Sinking Fund Bonds due August 1, 1950	<u>850,000.00</u>	<u>977,000.00</u>

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	<u>600,000.00</u>

Issued:

Preference shares 20,000 shares fully paid	600,000.00	
Less redeemed 1,890 shares	<u>56,700.00</u>	
	543,300.00	
Common shares—20,000 shares fully paid	<u>600,000.00</u>	<u>\$ 1,143,300.00</u>

Surplus:

Capital	66,822.48	
Earned	<u>567,854.16</u>	
		<u>\$ 3,530,612.78</u>

NOTE:— Dividends on the Cumulative Preference Stock are in arrears in the amount of \$36,220.00 after payment on January 2, 1942, of dividend of \$31,692.50 declared and provided for in this statement.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Operating Profit after deduction of Depreciation of \$214,456.86 and payment of Executive Salaries in the amount of \$49,091.82.....	\$	535,439.74
Income from Investments.....		2,444.87
		<u>537,884.61</u>
DEDUCT:—		
Bond Interest.....	\$	41,233.82
Directors' Fees.....		1,400.00
Provision for Dominion and Provincial Income, Excess Profits and Corporation Taxes — Estimated.....		<u>359,500.00</u>
		<u>402,133.82</u>
Net Profit for Period ended December 27, 1941.....	\$	<u>135,750.79</u>

CONSOLIDATED SURPLUS ACCOUNT

EARNED SURPLUS:—

Balance as at December 28, 1940.....	\$	504,678.37
ADD:—		
Net Profit for Period ended December 27, 1941.....	\$	135,750.79
Less Dividends on Preferred Stock paid and accrued during 1941.....		<u>72,575.00</u>
		<u>63,175.79</u>
Earned Surplus as at December 27, 1941.....	\$	<u>567,854.16</u>

CAPITAL SURPLUS:—

Balance as at December 28, 1940.....	\$	67,497.48
DEDUCT:—		
Premium on Redemption of Preference Stock.....	\$	975.00
Less Profit on Sale of Investments.....		<u>300.00</u>
		<u>675.00</u>
Capital Surplus as at December 27, 1941.....	\$	<u>66,822.48</u>