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

SIXTEENTH ANNUAL REPORT
For Year Ending December 25th, 1943

March 30, 1944.

To the Shareholders,—

Your Directors submit herewith the Sixteenth Annual Report and Financial Statement of the Company, as at December 25th, 1943.

After providing for all manufacturing, administrative and selling expenses and depreciation, and after deducting bond interest, directors' fees and making provision for all taxes, the net profits for the year were \$123,678.21.

During the past year the Company's capital structure was rearranged by the retirement of \$850,000.00 4¼% Bonds due 1950 and the outstanding Preferred and Common Stock. These were replaced by the issue of \$850,000.00 3% Ten Year Serial Bonds and by 80,000 shares no par value Common Stock. These changes are reflected in the Balance Sheet attached.

There was a full demand during the year for the Company's products both for service materials and civilian goods. The products manufactured were reduced in volume from the previous year, owing chiefly to the difficulties of maintaining an adequate working staff.

It is anticipated that a full demand for the Company's products will continue during the present year, but that it will be almost entirely for civilian goods at "fixed ceiling" prices. It will only be possible to operate at such ceiling prices because of the arrangement entered into with the Commodity Prices Stabilization Corporation mentioned in last year's report. This change from war to civilian production will not require any large capital expenditures and reasonably satisfactory results may be anticipated for the current fiscal year.

The physical condition of our machinery has had careful attention but, owing to overtime operations and the difficulty of effecting repairs under prevailing conditions, some extra expense for maintenance must be anticipated in the future.

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.

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THE HAMILTON COTTON CO., Limited

And Its Subsidiary

TRENT COTTON COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 25, 1943

ASSETS

Current Assets:

Cash in Banks and on hand	\$	41,238.99
Accounts and Notes Receivable		269,092.94
Investment in Dominion of Canada Bonds at cost and accrued interest (Quoted Value \$443,274.16)		444,046.28
Due from Employees re Victory Loan Subscriptions, secured by Dominion of Canada Bonds (Quoted Value \$57,456.00)		44,616.40

Inventories:

Represented by Cotton Account adjusted from cost under agreement with Commodity Prices Stabilization Corporation, Limited, to give effect to subsidy assistance contingently repayable \$ 622,899.91

Other inventories at not exceeding the lower of cost or market value, as determined and certified to by responsible officials of the Company, less Reserves 192,899.05 815,798.96

Deposit with Fire Insurance Company 23,282.44

1,638,076.01

Deferred Charges 11,100.77

Other Investments 2.00

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 \$ 3,313,564.52

Deduct Reserve for Depreciation 2,205,642.62 1,107,921.90 1,261,815.90

\$ 2,910,992.68

Signed on behalf of the Board:

ALAN V. YOUNG, Director

FRED ALLEN, Director

LIABILITIES

Current Liabilities:

Accounts Payable	\$	82,061.60
Accrued Wages, etc.		50,962.77
Reserve for Dominion Income and Excess Profits Taxes, less amount paid on account estimated		58,656.55
Accrued Bond Interest		5,842.47

195,525.39

3% First Mortgage and Collateral Trust Serial Bonds, maturing \$85,000.00 per annum, November 1, 1944, to 1953, inclusive 850,000.00

Capital Stock:

Authorized and Issued:
Common Stock, 80,000 shares of no par value 1,200,000.00

Surplus:

Capital 66,002.71
Earned 599,466.58

\$ 2,910,992.68

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 27, 1942, to December 25, 1943, 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 of December 25, 1943, 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 of December 25, 1943, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

Hamilton, Ontario, March 6, 1944.

PEAT, MARWICK, MITCHELL & CO.,

Auditors.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Net Operating Profit before Directors' Fees and after deduction of Depreciation of \$206,228.40 and payment of Executive Salaries in the amount of \$49,091.12.....	\$ 252,180.05
Income from Investments.....	6,100.63
	<u>\$ 258,280.68</u>
DEDUCT:	
Bond Interest.....	\$ 36,029.76
Directors' Fees.....	1,400.00
Legal Fees.....	1,155.12
Provision for Inventory Reserves.....	11,017.59
Provision for Dominion Income and Excess Profits	
Taxes — estimated	85,000.00
	<u>134,602.47</u>
Net Profit for period ended December 25, 1943.....	<u>\$ 123,678.21</u>

CONSOLIDATED SURPLUS ACCOUNT

EARNED SURPLUS:—

Balance as of December 26, 1942.....	\$ 691,809.45
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DEDUCT:

Refinancing Charges:

Premium on redemption of Preference Stock and Bonds.....	\$ 100,735.00
Commission paid on Common Shares sold.....	40,000.00
Discount on issue of Bonds.....	8,925.00
Refinancing expenses, including legal expenses	15,948.68
	<u>165,608.68</u>
Adjustment of prior year profits.....	1,000.00
	<u>166,608.68</u>
	525,200.77
Add Net Profit for period ended December 25, 1943.....	123,678.21
	<u>648,878.98</u>

DEDUCT DIVIDENDS PAID DURING 1943:

Preference Stock.....	27,412.40
Common Stock.....	22,000.00
	<u>49,412.40</u>
Earned Surplus as of December 25, 1943.....	<u>\$ 599,466.58</u>

CAPITAL SURPLUS:—

Balance as of December 26, 1942.....	\$ 66,501.46
Deduct Loss on disposal of Fixed Assets.....	498.75
	<u>66,002.71</u>
Capital Surplus as of December 25, 1943.....	<u>\$ 66,002.71</u>