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Stock

# THE HAMILTON COTTON CO., Limited

HAMILTON, ONTARIO

## And Its Subsidiary TRENT COTTON COMPANY LIMITED

### SEVENTEENTH ANNUAL REPORT For Year Ending December 30th, 1944

March 1st, 1945.

To the Shareholders:

Your Directors submit herewith the Seventeenth Annual Report and Financial Statement of the Company as at December 30th, 1944.

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 \$133,874.81.

Regular quarterly dividends were paid on the Common Stock totalling 90c per share for the year.

The insistent need for civilian goods and renewed requirements for the Department of Munitions & Supply led to a full demand for all the products your Company could manufacture. Present prospects seem to point to similar conditions this year. The volume of our production was again reduced owing to the impossibility of maintaining an adequate labour staff. Production this year will depend largely on the same factors.

In common with others in the textile industry, the Company is operating under an agreement with the Commodity Prices Stabilization Corporation, the effect of which, while it continues in force, is to stabilize operating results.

The plant has been maintained in good operating condition and full allowable depreciation has been set up.

In contemplation of putting your Company in the strongest possible position to meet postwar conditions, your Directors have decided to consolidate their position by improving their manufacturing processes and extending their facilities to produce certain new products. The services of competent textile engineers are being employed in this connection. This program will involve substantial capital expenditures, to meet which it is proposed to retire the presently outstanding \$765,000 3% Serial Bonds maturing 1945-1953 and to create and issue new First Mortgage and Collateral Trust Bonds in an amount of \$1,500,000, of which \$850,000 will bear interest at 3% and mature in equal amounts from 1946 to 1955 and \$650,000 will bear interest at 3¼% and mature March 1st, 1959.

During the year 1944 Mr. M. B. Holton retired from the Board of Directors and Mr. R. R. Evans, K.C. was elected in his place.

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 wholly owned subsidiary

## TRENT COTTON COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 30, 1944

### ASSETS

#### Current Assets:

Cash in Banks and on hand	\$	388,729.52
Accounts and Notes Receivable		212,977.82
Investment in Dominion of Canada Bonds at cost and accrued interest (Quoted Value \$647,253.65)		645,782.26
Due from Employees re Victory Loan Subscriptions, secured by Dominion of Canada Bonds (Quoted Value \$54,350.00)		38,628.49

#### Inventories:

Cotton held under agreement by the Commodity Prices Stabilization Corporation Limited for the account of the Company at not exceeding the lower of cost or market \$ 482,898.64

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. 186,172.49 669,071.13

Deposit with Fire Insurance Company.. 18,091.44

1,973,280.66

Deferred Charges 6,984.91

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. \$ 3,331,609.06

Deduct Reserve for Depreciation 2,381,543.78 950,065.28 1,103,957.28

\$ 3,084,224.85

Signed on behalf of the Board:

ALAN V. YOUNG, Director

FRED ALLEN, Director

### LIABILITIES

#### Current Liabilities:

Accounts Payable	\$	146,147.92
Accrued Wages, etc.		31,107.46
Reserve for Dominion Income and Excess Profits Taxes, less amount paid on account — estimated		79,230.95
Accrued Bond Interest		3,772.60
Due to Commodity Prices Stabilization Corporation Limited		140,849.04

\$ 401,107.95

3% First Mortgage and Collateral Trust Serial Bonds maturing \$85,000.00 per annum November 1, 1945 to 1953, inclusive. 765,000.00

#### Capital Stock:

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

#### Surplus:

Capital 70,052.71

Earned 648,064.19

\$ 3,084,224.85

### 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 26, 1943 to December 30, 1944, 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 30, 1944, 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 30, 1944, 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 19, 1945.

PEAT, MARWICK, MITCHELL & CO.,

Auditors.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

Net operating profit before directors' fees and after deduction of depreciation of \$187,911.05 and payment of executive salaries in the amount of \$50,025.16.....	\$ 231,803.43
Income from investments.....	16,819.42
Inventory reserve not required.....	1,412.09
	<u>\$ 250,034.94</u>

### DEDUCT:

Bond interest.....	\$ 25,430.13
Directors' fees .....	1,400.00
Legal fees .....	330.00
Provision for Dominion income and excess profits taxes — estimated.....	89,000.00
	<u>116,160.13</u>
Net Profit for Period ended December 30, 1944.....	<u>\$ 133,874.81</u>

## CONSOLIDATED SURPLUS ACCOUNT

### EARNED SURPLUS:

Balance as of December 25, 1943.....	\$ 599,466.58
Add net profit for period ended December 30, 1944.....	133,874.81
	<u>\$ 733,341.39</u>

### DEDUCT:

Common dividends paid.....	\$ 72,000.00
Adjustment of prior years' profits.....	13,277.20
	<u>85,277.20</u>
Earned Surplus as of December 30, 1944.....	<u>\$ 648,064.19</u>

### CAPITAL SURPLUS:

Balance as of December 25, 1943.....	\$ 66,002.71
Add fire claim recovery and profit on disposal of other fixed assets.....	4,050.00
	<u>70,052.71</u>
Capital Surplus as of December 30, 1944.....	<u>\$ 70,052.71</u>