

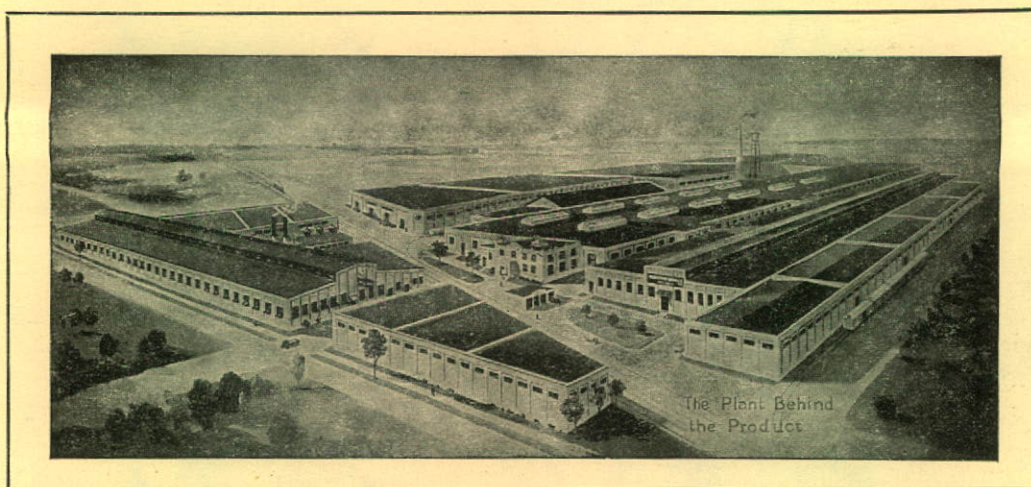
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ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

For Fiscal Year Ended August 31st, 1940



The Brantford Cordage Co., Limited

Brantford, Canada

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The Brantford Cordage Co. Limited

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:

Your Directors submit herewith the Annual Report of the Company for the year ended August 31, 1940.

The operations for the year show a profit of \$227,342.55 after providing for Depreciation and reserving sufficient to cover possible Dominion and other Income Taxes. Regular Quarterly Dividends amounting to \$49,171.86 were paid on First Preference Shares and 1332 First Preference Shares were redeemed and cancelled.

With better than average crops in nearly all territories where the greater part of the Company's sales are usually made the volume of business was satisfactory, the total production for the year being somewhat in excess of any previous year in the Company's history.

Your Directors desire to again express their sense of appreciation of the faithful and efficient services rendered by all its executive officers, heads of departments and employees in all branches of the Company's work.

All of which is respectfully submitted.

On behalf of the Board of Directors,

W. M. MESSECAR,
President

Balance Sheet, August 31, 1940

Assets

CURRENT ASSETS :

Cash on hand and in Bank.....	\$ 391,935.14	
Inventories of Raw Materials, Goods in Process, Finished Goods and Factory Supplies, based on quantities certified by the Management, at cost not exceeding market value.....	1,157,565.90	
Accounts and Bills Receivable, less Reserve for Doubtful Accounts, etc.....	359,176.59	
Fire Insurance Premiums, Prepaid.....	7,288.53	
		\$1,915,966.16

FIXED ASSETS :

Land, Buildings, Machinery and Equipment (on basis of appraisal, March 1, 1925, by Lockwood, Greene & Co. of Canada, Limited, plus subsequent additions at cost).....	1,202,521.41	
TRADE MARKS, PATENT RIGHTS AND GOODWILL.....	412,849.58	
		\$3,531,337.15

Liabilities

CURRENT LIABILITIES :

Accounts Payable, including Accrued Charges.....	\$ 15,275.26	
Provision for Dominion and other Income Taxes (estimated).....	160,000.00	
		\$ 175,275.26
RESERVE FOR DEPRECIATION ON FIXED ASSETS.....		871,438.98

CAPITAL STOCK, AUTHORIZED AND ISSUED :

40,000 Cumulative Redeemable Sinking Fund First Preference Shares of the Par Value of \$25.00 per share, callable at \$26.50 and accrued dividends per share, carrying dividends of \$1.30 per share per annum.....	\$1,000,000.00	
Less 3,123 Shares Redeemed.....	78,075.00	
		\$ 921,925.00
34,000 Second Preferred Shares of the Par Value of \$25.00 per share (callable under certain conditions at \$25.00 and accrued dividends per share) carrying cumulative dividends of \$1.75 per share per annum. (Dividends have been paid in 1930, 1935 and 1936, leaving in respect of the fiscal year ended 31st August, 1940, a total of \$511,939.72 in arrears).....	\$ 850,000.00	
Less 10,000 shares Redeemed.....	250,000.00	
		600,000.00
80,000 Common Shares without Nominal or Par Value.....	80,000.00	
		1,601,925.00
EARNED SURPLUS.....		882,697.91
In view of the difficulties involved in determining what may be the liability for Excess Profits Taxes, provision has been made for what is believed to be any possible liability, and in excess of what is believed to be the probable liability of the Company for Excess Profits Taxes.		\$3,531,337.15

APPROVED on behalf of the Board,

W. M. MESSECAR, President and General Manager (Director)

W. C. WELLS, Secretary-Treasurer (Director)

INCOME AND SURPLUS ACCOUNT — AUGUST 31, 1940

Balance at Credit, September 1, 1939.....	\$ 698,068.62	
Add Discount on First Preference Shares Redeemed.....	6,458.60	
		\$ 704,527.22
Deduct: Quarterly Dividends of 32½ cents per share paid on the 15th days of October, January, April and July on First Preference Shares.....		49,171.86
		655,355.36
Add Profit for the year ended August 31, 1940, after provision of \$10,541.89, for Depreciation	\$378,833.67	
Less provision for Dominion and other Income Taxes (estimated, see notation on Balance Sheet).....	151,491.12	
		227,342.55
Credit Balance as per Balance Sheet, August 31, 1940.....		\$882,697.91

Included in the costs and expenses for the year are the following items: Directors' fees \$7,000.00, salaries, fees or other remuneration to counsel, solicitors or other legal advisers, and salaries of executive officers, including all salaried directors \$50,576.27.

TO THE SHAREHOLDERS,

THE BRANTFORD CORDAGE COMPANY, LIMITED :

We have audited the books and accounts of The Brantford Cordage Company, Limited, and we certify that in our opinion the above Balance Sheet and Income and Surplus Account are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st August, 1940, according to the best of our information and the explanations given to us, and as shown by the books of the Company. We have verified the cash on hand and in Bank and have received all the information and explanations we have required.

GLENDINNING, GRAY & ROBERTS, Chartered Accountants

Brantford, Ontario, November 22, 1940.

