

RIVERSIDE SILK MILLS, LIMITED

ANNUAL REPORT

To the Shareholders:

Your Directors take pleasure in submitting herewith the Company's annual report together with audited financial statements for the year 1948.

We are pleased to report that sales for the year showed an increase of approximately 27% over the previous year and the net profit before taxes increased by 22%, from \$149,274.64 in 1947 to \$182,042.19 in 1948. These earnings are all the more gratifying when consideration is given to the overall increase in labour costs, with no corresponding upward adjustment in selling prices. The favourable results were obtained by the acquisition of the most up-to-date spinning frames and equipment in order to completely modernize the Company's throwing division. Because of these substantial capital expenditures our working capital has been reduced by \$24,003.67; however, your Directors believe that the increased earnings have fully justified the purchase of this new equipment.

Income taxes continue to inflict a heavy charge against earnings, and after providing the sum of \$66,807.56 for this purpose the net income for the year is \$115,234.63, compared with \$92,833.85 for the year 1947.

Dividends for the year 1948 have been paid at the rate of \$2.00 per share on the issued and outstanding Class "A" and Class "B" shares; after giving effect to these dividends and to other sundry charges, the Company's surplus has increased by \$5,115.88.

The introduction of new synthetic fibres has opened up a broad field for the production of yarns similar in characteristics to those produced from natural fibres, and this development is receiving the careful attention of the Company's management. Your Directors have decided to keep pace with the situation and have authorized the required expenditures to install an initial unit to process synthetic fibres.

It is anticipated that the volume of business will be maintained throughout the year 1949, and every effort will be made to further expand the Company's operations.

The welfare of the Company's employees has been carefully considered throughout the year, and a broad social security programme, involving life insurance, free hospitalization benefits and additional holidays with pay, has been instituted.

All of which is respectfully submitted on behalf of the Board.

L. A. DUNBAR,
President.

Galt, Ontario,
March 30, 1949.

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RIVERSIDE SILK

BALANCE SHEET

DECEMBER 31, 1948

ASSETS

CURRENT ASSETS:

Cash on hand and in bank	\$	86,295.97	
Investments, stocks and bonds at cost (market value \$120,925.00)		141,212.50	
Accounts receivable less bad debts reserve of \$5,000.00		119,963.15	
Inventory of merchandise and supplies, as determined by the management and certified to be valued as follows: raw materials and supplies at the lower of laid-down cost or market, and finished goods and goods in process at factory cost		\$270,883.86	
LESS inventory reserve		25,000.00	245,883.86
Employees' balances re bond subscriptions		17,627.34	
Prepaid expenses and accrued interest receivable		6,143.05	\$ 617,125.87
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REFUNDABLE PORTION OF EXCESS PROFITS TAXES			34,532.48
MORTGAGE RECEIVABLE			2,000.00
 CAPITAL ASSETS at replacement value as of April 10, 1928, as per appraisal of Dominion Appraisal Co., Limited, plus subsequent additions at cost, less disposals:			
Land	\$	12,850.00	
Buildings		274,545.97	
Machinery and equipment		920,573.45	
		1,207,969.42	
LESS depreciation reserve		824,818.58	383,150.84
			<u>\$ 1,036,809.19</u>

AUDITORS' REPORT TO SHAREHOLDERS

We have audited the books and accounts of Riverside Silk Mills, Limited for the year ended December 31, 1948, and the state of the company's affairs, as at December 31, 1948, according to the best of our information and the explanation furnished to us by the company's officers and agents.

Toronto, March 16, 1949.

MILLS, LIMITED

BALANCE SHEET

DECEMBER 31, 1948

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued wages	\$	78,927.40	
Dividend Class A shares, payable January 2, 1949		15,000.00	
Bank loan re employees' bonds		17,663.34	
Provision for taxes on income		30,450.28	\$ 142,041.02

CAPITAL STOCK AND SURPLUS:

Capital stock, authorized and issued:			
30,000 Class A shares and 20,000 Class B shares, all of no par value		300,000.00	
Surplus		594,768.17	894,768.17

The Class A shares are entitled to a cumulative dividend of \$2.00 per annum and are participating after \$2.00 has been paid on Class B shares. They have a priority of \$30.00 per share and accrued dividends on winding up, after which Class B shares are entitled to receive an amount calculated at \$2.00 per year since 1929, less the amount of any dividends up to \$2.00 per year paid in any year since 1929. Both classes share equally on any further distribution of assets.

\$ 1,036,809.19

THE SHAREHOLDERS

and report that, in our opinion, the above balance sheet is properly drawn up so as to exhibit a true and correct view of the financial position of the company at the date to which the accounts are given and as shown by the books of the company. All our requirements, as auditors, have been complied with.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

RIVERSIDE SILK MILLS, LIMITED

STATEMENT OF PROFIT & LOSS AND SURPLUS

Year ended December 31, 1948

Surplus, December 31, 1947		\$589,652.29
Profit for year before undernoted charges	\$246,725.63	
Provision for depreciation	\$ 64,683.44	
Provision for taxes on income	66,807.56	
Net profit for year	115,234.63	
Less loss on investments sold	10,118.75	105,115.88
		<u>694,768.17</u>
Dividends on Class A shares	60,000.00	
Dividends on Class B shares	40,000.00	100,000.00
SURPLUS, December 31, 1948		<u>\$594,768.17</u>