

Canadian Cottons

Limited

MONTREAL, CANADA

SECOND ANNUAL REPORT

FOR YEAR ENDING 30TH MARCH, 1912

PRESENTED TO THE SHAREHOLDERS
AT THE ANNUAL MEETING OF THE COMPANY
HELD AT MONTREAL, THE 22ND MAY, 1912

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A. O. DAWSON, *Managing Director*

A. BRUCE, *Secretary-Treasurer*

Canadian Cottons

Limited

TO THE SHAREHOLDERS

YOUR Directors have great pleasure in presenting this, the Second Annual Report, of CANADIAN COTTONS, LIMITED.

The year covered by the Report has been one of considerable activity in the textile trade, and our Company has shared in the general prosperity.

The decline in the value of cotton, brought about by the extraordinary yield of the last crop, enabled cotton spinners to purchase their raw material during the latter half of the year at a figure low enough to manufacture at a good profit.

There has been recently, and now exists, quite a demand for fabrics of Canadian manufacture, and very large orders have been taken by our Company for delivery for the fall season's trade.

The supply of labour in our mills is better than for some time past, and to ensure a continuance of this desirable condition, your Directors decided to grant from the 1st of April a voluntary increase in wages. We have now a loyal and satisfied body of employees, with the result that an excellent product is being obtained—both as to quality and quantity. All the mills have been operated practically at full capacity throughout the year, and another full season's output is assured.

The sales for the year were \$3,859,800, an increase of \$154,975 over the previous twelve months.

The Profits, as shown by the Manufacturing Statement presented herewith, together with the rentals from leased properties, amount to \$589,977.38. After deducting bond interest and dividends on Preferred Shares, there remains carried to credit of Profit and Loss Account \$174,477.38.

The 6% bonds of The Canadian Colored Cotton Mills Company, Limited, matured April 2nd. Funds for the redemption of these bonds were provided by the sale of \$2,000,000 of the issue of First and Refunding Mortgage Bonds, due 1940, which were reserved for this purpose. The new bonds, of which there are \$3,800,000 outstanding, are listed on the Stock Exchange here as well as in London.

The properties of the Company are in excellent condition. It has always been our policy, as opportunity offers, to renew and enlarge the plant by adding the latest improvements in textile machinery. We are thus enabled to produce our goods at the minimum cost, and at the same time to keep pace with the increasing demand through the growth of the country.

At the Annual Meeting you will be asked to approve a By-Law providing for the printing of the Annual Report, and for the distribution of the same to Shareholders.

The books and accounts of the Company have been duly audited and the Auditor's Report is submitted herewith.

Respectfully submitted,

D. MORRICE,

President.

Canadian Cottons, Limited

MANUFACTURING ACCOUNT

FOR YEAR ENDING 30TH MARCH, 1912

DR.	CR.
To Raw Material, Cost of Manufacturing, the Marketing of Production, and Administration - \$3,413,673.11	By Sales - - - - - \$3,859,800.69
	Add inventory of Cloth and Cotton in process of Manufacture, 1st April, 1912 - - - 1,247,336.62
	5,107,137.31
To Balance	Less inventory of Cloth and Process on hand 1st April, 1911 - - - - - 1,259,464.16
Net Profits to Profit and Loss Account - 434,000.04	<u>\$3,847,673.15</u>
<u>\$3,847,673.15</u>	

PROFIT AND LOSS ACCOUNT

30TH MARCH, 1912

To Bond Interest		By Balance brought forward 1st April, 1911 - \$426,282.68
\$1,850,000.00, 6% - - \$111,000.00		
1,800,000.00, 5% - - 90,000.00		
\$ 201,000.00		
" Dividends		" Net Manufacturing Profits - - - - 434,000.04
4 of 1½% each on Preferred Shares - - - - 214,500.00		
" Balance: Surplus carried forward	600,760.06	" Rentals, Mount Royal Spinning Mill, etc. - 155,977.34
<u>\$1,016,260.06</u>		<u>\$1,016,260.06</u>

Canadian Cottons, Limited

GENERAL STATEMENT

YEAR ENDING 30TH MARCH, 1912

<u>ASSETS</u>	<u>LIABILITIES</u>
Cash - - - - \$ 12,197.88	Bank Advances - - - \$1,028,956.18
Open Accounts and Bills Receivable net cash basis - - - 580,100.01	“ “ on Raw Cotton 275,000.00
<u>Inventory of</u>	Bills Payable - - - 47,951.51
Cloth - - - \$869,053.49	Open Accounts Payable - - 523,636.32
Process and Yarns 401,673.41	Bond Interest accrued - - 77,994.00
Raw Cotton - 305,668.01	Dividend Payable 4th April - 53,625.00
Supplies, Fuel, etc. 126,865.82	
Insurance unearned 51,475.00	
	\$2,007,163.01
	<u>CAPITAL</u>
1,754,735.73	Preferred Authorized,
Bonds in Treasury - - - 150,000.00	\$4,500,000.00 Issued 3,575,000.00
	Common Authorized,
Total Quick Assets \$2,497,033.62	\$3,500,000.00 Issued 2,715,500.00 6,290,500.00
	<u>BONDS</u>
	Canadian Colored Cotton Mills
	Co., 6% - - - 2,000,000.00
	Canadian Cottons, Limited, 5% 1,800,000.00 3,800,000.00
	Reserve for Bad Debts - - - 20,000.00
	<u>SURPLUS</u>
<u>PROPERTIES</u>	Balance at Credit Profit and
Mills, Properties, Plants, Waterpowers, etc. - \$10,221,389.45	Loss Account - - - 600,760.06
	<u>\$12,718,423.07</u>
	<u>\$12,718,423.07</u>

Verified,
ARTHUR H. PLIMSOLL, F.C.A. (Can.), Auditor

A. BRUCE, Secretary-Treasurer

AUDITOR'S REPORT

Montreal, 7th May, 1912

D. MORRICE, Esq.

PRESIDENT OF CANADIAN COTTONS, LIMITED

MONTREAL

Dear Sir,

I have audited the books, accounts, and vouchers of the above Company for the year ending 30th March, 1912, verifying the disbursements during the period and the bank and ledger balances at that date.

The statements signed by me, showing the Company's operations for the year and the results, based upon the certified inventory and the Company's financial position on the 30th March, all as prepared from the books, have been examined by me and found to be correct.

Yours truly,

ARTHUR H. PLIMSOLL,

F.C.A. (Can.)

