

Canadian Cottons Limited

MONTREAL, CANADA

TENTH ANNUAL REPORT FOR YEAR ENDING 31st MARCH, 1920

PRESENTED TO THE SHAREHOLDERS
AT THE ANNUAL MEETING OF THE COMPANY
HELD AT MONTREAL, THE 25th MAY, 1920

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CHAS. R. HOSMER

Vice-President

A. O. DAWSON

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GEORGE CAVERHILL SIR H. MONTAGU ALLAN
W. J. MORRICE

A. O. DAWSON, *Managing Director*

A. BRUCE, *Secretary-Treasurer*

Canadian Cottons Limited

TO THE SHAREHOLDERS :

YOUR Directors are pleased to submit to the Shareholders their 10th Annual Report of the operations of the Company for the year ending 31st March, 1920.

The Manufacturing Profits, Rentals and Interest on Investments amount to \$1,838,443.29, after making allowance for Excess Profit Taxes, as compared with \$1,563,103.82 last year.

Bond Interest and Dividends on Preferred and Common shares were paid, amounting to \$573,857.50.

There was added to Reserve for Depreciation \$400,000, and \$10,000 was reserved for Bad Debts. A further sum of \$400,000 was appropriated for special Renewals and Replacements, leaving a balance of \$454,585.79 to carry to the credit of Profit and Loss Account, which, at the close of the year, amounts to \$2,683,479.10.

Repairs to the property and Renewals during the year have been unusually heavy, but these are fully justified in the general improvement of the several plants.

The sale of the properties of the Mount Royal Spinning Mill, assented to at the last Annual General Meeting of Shareholders, has been consummated. The securities received in payment and representing the purchase price are held by the Royal Trust Company, in trust, as shown in the General Statement.

It will be noted that the Company now holds securities fully equal in value to the amount of the Bond Issue.

The bonds of sympathy between the Company and its Employees have been further strengthened through the introduction of a Profit-Sharing Scheme whereby every worker participates in the profits through increased production. This scheme is fully meeting the expectations of your Directors.

For the protection of the families of the men and women working in the Mills, Group Insurance was inaugurated on January 1st, 1920, solely at the Company's expense. Since that time several of our oldest workers have been called by death, and the amounts paid to the widows and families have helped to tide them over a trying period.

The demand for the product of the Mills is all that could be desired, and your Directors anticipate another year of prosperity.

The Books and Accounts of the Company have been duly audited, and the Auditor's Report is submitted herewith.

Respectfully submitted,

CHAS. R. HOSMER,

President.

Canadian Cottons, Limited

MANUFACTURING ACCOUNT

FOR YEAR ENDING 31ST MARCH, 1920

DR.	CR.
To Raw Material, Manufacturing Cost, Marketing of Products, Administration, Repairs, Maintenance, proportion deferred charges and War Taxes to date - - - - - \$9,709,070.81	By Sales - - - - - \$11,148,438.48
To Balance	Add inventory of Cloth and Cotton in process of Manufacture, 31st March, 1920 - - - 707,249.56
Net Profits to Profit and Loss Account - - 1,581,045.33	<u>\$11,855,688.04</u>
<u>\$11,290,116.14</u>	Less inventory of Cloth and Process on hand 31st March, 1919 - - - - - 565,571.90
	<u>\$11,290,116.14</u>

PROFIT AND LOSS ACCOUNT

FOR YEAR ENDING 31ST MARCH, 1920

To Bond Interest on net amount outstanding- - - - \$177,660.00	By Net Manufacturing Profits - - - - \$1,581,045.33
Four Dividends of 1½% each on Preferred Shares - - 219,690.00	" Rental, Mount Royal Spinning Mill - - \$82,500.00
Two Dividends of 1½% each and two of 1¼% each on Common Shares - - - - <u>176,507.50</u>	" Interest on Trust Funds - 79,108.50
\$573,857.50	" Interest on Investments - <u>95,789.46</u>
Reserve for Bad Debts - - 10,000.00	257,397.96
Reserve for Special Replacements 400,000.00	<u>\$1,838,443.29</u>
Depreciation on Plant - - 400,000.00	
Balance forward - - - 454,585.79	
<u>\$1,838,443.29</u>	

Canadian Cottons, Limited

GENERAL STATEMENT

YEAR ENDING 31st MARCH, 1920

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash - - - - -	\$281,180.80	Bank Advances - - - - -	\$1,358,217.06
Book Debts, net cash basis, Bills Receivable and Sundry Open Accounts - - - - -	1,468,003.12	Open Accounts including Estimated Tax Reserve - - - - -	988,073.46
<u>Inventory of</u>		Bond Interest accrued and Divi- dends payable April 4th - - -	138,923.75
Cloth - - - - -	\$490,911.81	Bills payable - - - - -	142,414.19
Process and Yarns 223,971.74		Total Current Liability	\$2,627,628.46
Raw Cotton - 1,176,889.28		<u>BONDS</u> - - - - -	5,000,000.00
Supplies - - - - -	150,639.29	Less Redeemed - - - - -	432,895.00
Insurance unearned 85,000.00			4,567,105.00
2,127,412.12		<u>CAPITAL</u>	
Dominion War Loan Bonds - - -	933,511.55	Preferred Authorized, \$4,500,000.00 - - - Issued	3,661,500.00
Total Current Assets	\$4,810,107.59	Common Authorized, \$3,500,000.00 - - - Issued	2,715,500.00
Bonds, in Treasury and for Sinking Fund - - - - -	1,069,050.53	Reserve for Bad Debts - - - - -	100,000.00
Stocks in other Companies - - -	274,563.39	Reserve for Special Replacements	600,000.00
Securities held in trust, being proceeds of properties sold - - - - -	2,379,000.00	<u>SURPLUS</u>	
<u>PROPERTIES</u>		Balance at Credit of Profit and Loss, 31st March, 1919 - 2,228,893.31	
Mills, Properties, Plants, Waterpowers, etc. - - -	8,422,491.05	Balance of Profits to 31st March, 1920 454,585.79	2,683,479.10
\$16,955,212.56		<u>INDIRECT LIABILITIES</u>	\$16,955,212.56
		Customers' paper under discount \$140,976.38	

Montreal, 4th May, 1920

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

C. R. HOSMER }
A. O. DAWSON } Directors.

A. BRUCE,
Secretary-Treasurer

AUDITOR'S CERTIFICATE

I have examined the Books and Accounts of Canadian Cottons, Limited, for the year ending the 31st March, 1920.

I have obtained all the information and explanations required, and now certify that, in my opinion, the foregoing statements and balance sheet are properly drawn up so as to exhibit a true and correct view of the year's operations and of the state of the Company's affairs at its close, according to the best of my information and the explanations given to me and as then shown by the books of the Company.

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

Montreal, May 4th, 1920.

