

Canadian Cottons Limited

MONTREAL, CANADA

SIXTEENTH ANNUAL REPORT

FOR YEAR ENDING 31ST MARCH, 1926

PRESENTED TO THE SHAREHOLDERS
AT THE ANNUAL MEETING OF THE COMPANY
HELD AT MONTREAL, THE 21ST MAY, 1926

MONTREAL UNIVERSITY

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A. O. DAWSON, *Managing Director*

A. BRUCE, *Secretary-Treasurer*

Canadian Cottons Limited

To the Shareholders:

YOUR Directors herewith present the Sixteenth Annual Report of your Company for the year ending March 31st, 1926.

The improvement in business noted in the latter part of the fiscal year 1924-25 continued through the year 1925-26, resulting in sales of \$9,606,641.01 as compared with \$8,549,897.97 for the previous year.

These sales practically correspond with those of the year 1923-24, showing a return of conditions prevailing during that period.

The year's transactions has permitted the addition of \$27,128.96 to the credit of Profit and Loss Account, which now totals \$2,709,793.03.

The profits of the year provided the usual amount for depreciation, but were not sufficient to cover the \$200,000 short on the previous year's operations.

The working capital of the Company is now ample for the needs of the business, and borrowing is only resorted to during the season of cotton buying.

It is difficult to forecast the year 1926-27. Raw cotton is low in price, but goods in both England and the United States are selling below the parity of cotton. In the Southern States this is particularly so at the present time. The desire for business appears to have precipitated a price war, which is causing great concern to the mills involved.

Unfortunately your Company has to meet these cut prices or cease operations, the latter course being quite as serious as the selling of goods at or below cost.

The Canadian Dumping Clause of the Tariff ought to operate in cases of this nature, but under existing regulations little is being done to assess a proper valuation for customs duties on such goods.

For the present there appears little likelihood of your Mills being able to operate full time.

A hopeful phase of the situation is that stocks throughout the country are low, and if business confidence can be maintained, we believe that the year before us may be made as successful as the year which has just closed.

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

Respectfully submitted,

CHARLES R. HOSMER,

President.

Canadian Cottons, Limited

MANUFACTURING ACCOUNT

FOR YEAR ENDING 31ST MARCH, 1926

DR.	CR.
To Raw Material, Manufacturing Cost, Marketing of Products, Administration, Repairs, Replacements, Maintenance, Depreciation, and Government Taxes to date - - - - -	By Sales - - - - -
\$9,329,395.88	\$9,606,641.01
	Add Inventory of Cloth and Cotton in process of Manufacture, 31st March, 1926 - - - - -
	1,379,067.33
	<u>\$10,985,708.34</u>
To Balance	Less Inventory of Cloth and Process on hand 31st March, 1925 - - - - -
Net Profits to Profit and Loss Account - - -	1,106,254.25
550,058.21	<u>\$9,879,454.09</u>
<u>\$9,879,454.09</u>	

PROFIT AND LOSS ACCOUNT

31ST MARCH, 1926

To Bond Interest on net amount outstanding - - -	\$154,924.32	By Net Manufacturing Profits - - - - -	\$550,058.21
Four Dividends of 1½% each on Preferred Shares - -	219,690.00	" Interest on Investments - - - - -	92,622.77
Four Dividends of 2% each on Common Shares - -	<u>217,240.00</u>		
	\$591,854.32		
Bad Debts - - - - -	23,697.70		
Balance forward - - - - -	27,128.96		
	<u>\$642,680.98</u>		
			<u>\$642,680.98</u>
		By Balance forward - - - - -	\$ 27,128.96
		Add Balance, 31st March, 1925 - - -	2,682,664.07
			<u>\$2,709,793.03</u>

Canadian Cottons, Limited

GENERAL STATEMENT

YEAR ENDING 31ST MARCH, 1926

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash - - - - -	\$ 77,054.64	Open Accounts including Estimated	
Book Debts, net cash basis. Bills		Tax Reserve - - - - -	\$905,738.95
Receivable and Sundry Open		Bond Interest accrued and Divi-	
Accounts - - - - -	1,590,362.12	dends payable April 4th - - -	149,212.50
		Bills payable - - - - -	247,498.41
<u>INVENTORY OF</u>		Total Current Liability	\$1,302,449.86
Cloth - - - - -	\$1,145,052.43	<u>BONDS</u> - - - - -	\$5,000,000.00
Process and Yarns 249,067.84		Less Redeemed - - - - -	784,993.33
Raw Cotton - 709,152.02		<u>CAPITAL</u>	4,215,006.67
Supplies - - 129,526.15		Preferred Authorized	
Insurance unearned 65,000.00		\$4,500,000.00 - - Issued	3,661,500.00
2,297,898.44		Common Authorized	
Investment Bonds - - - - -	1,500,000.00	\$3,500,000.00 - - Issued	2,715,500.00
Total Current Assets	\$5,465,315.20	<u>RESERVES</u>	
Bonds in Treasury and for Sinking		Depreciation - - - - -	\$1,400,000.00
Fund - - - - -	956,598.67	Bad Debts - - - - -	100,000.00
Stocks in other Companies - - -	203,798.87	Special Replacements - - - - -	600,000.00
<u>PROPERTIES</u>		\$2,100,000.00	
Mills, Properties, Plants, Waterpowers, etc. -	10,078,536.82	<u>SURPLUS</u>	
\$16,704,249.56		Balance at Credit of Profit and	
		Loss, 31st March, 1925 - - -	2,709,793.03
		\$16,704,249.56	
		<u>INDIRECT LIABILITIES</u>	
		Customers' paper under discount \$245,240.59	

Montreal, 6th May, 1926
Verified, C. W. BAKER, C.A., Auditor.

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

A. BRUCE,
Secretary-Treasurer.

*To the Shareholders,
Canadian Cottons, Limited,*

I have examined the Books and Accounts of Canadian Cottons, Limited, for the year ending the 31st March, 1926.

I have obtained all the information and explanations required, and now certify that, in my opinion, the foregoing statements and balance sheet, based upon the certified inventories presented, 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.

C. W. BAKER, C.A.

(of Baker, Birnie & Co., Chartered Accountants).

Montreal, 6th May, 1926.

