

Canadian Cottons Limited

MONTREAL, CANADA

SEVENTEENTH ANNUAL REPORT

FOR YEAR ENDING 31st MARCH, 1927

PRESENTED TO THE SHAREHOLDERS
AT THE ANNUAL MEETING OF THE COMPANY
HELD AT MONTREAL, THE 12TH MAY, 1927

**PURVIS HALL
LIBRARIES**

DEC 21 1945

MCGILL UNIVERSITY

BOARD OF DIRECTORS

President

CHARLES R. HOSMER

Vice-President

A. O. DAWSON

HON. F. L. BEIQUE, K.C.

A. A. MORRICE

GEORGE CAVERHILL

SIR H. MONTAGU ALLAN

W. J. MORRICE

A. O. DAWSON, *Managing Director*

R. G. TOLMIE, *Acting Secretary-Treasurer*

Canadian Cottons Limited

To the Shareholders :

YOUR Directors submit herewith the Seventeenth Annual Report for the year ending March 31, 1927.

Cotton manufacturing conditions for the year just closed were made difficult through a price war that prevailed for many months among the mills in the United States, resulting in financial embarrassment to some and to severe depletion of the reserves of other organizations.

To keep your mills in operation, these unwarranted prices had to be met, which meant that many staple lines had to be marketed at or below cost. Conditions in this respect improved during the last quarter of your financial year, and this, together with the fact that raw material was obtainable at reasonable prices, permits the presentation of figures which, it is hoped, will be found satisfactory to the shareholders.

The depreciation in values of raw materials and finished goods, it will be noted, is reflected in a material reduction in inventory.

After making provision for depreciation, the manufacturing profits and interest on investments amount to \$621,705.48, and are disposed of as follows :

Bond Interest	-	-	-	-	\$148,324.51
Dividends on Preferred and Common					
Stocks	-	-	-	-	436,930.00
Bad debts written off	-	-	-		8,680.73
Carried to Profit and Loss	-	-	-		27,770.24
					<u>\$621,705.48</u>

Little can be said as to conditions facing your Company during the coming year. It is quite evident that the keenest kind of competition will continue, both from England and the United States, and it has been noticed of late that Germany, Italy, Belgium and Czecho-Slovakia are making determined efforts to obtain a foothold in this market. The situation can only be met by keeping the plants in a high state of efficiency, and by practicing the strictest economy in every department of the business.

The finest kind of harmony and co-operation has prevailed between the Company and its employees, which augurs well for the future.

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, 1927

DR.	CR.
To Raw Material, Manufacturing Cost, Marketing of Products, Administration, Repairs, Replacements, Maintenance, Depreciation, and Government Taxes to date : - - - - \$7,850,644.76	By Sales - - - - - \$9,015,579.71
	Add Inventory of Cloth and Cotton in process of Manufacture, 31st March, 1927 - - - 743,370.30
	<u>\$9,758,950.01</u>
To Balance	Less Inventory of Cloth and Process on hand 31st March, 1926 - - - - 1,379,067.33
Net Profits to Profit and Loss Account - - 529,237.92	
<u>\$8,379,882.68</u>	<u>\$8,379,882.68</u>

PROFIT AND LOSS ACCOUNT

31st MARCH, 1927

To Bond Interest on net amount outstanding - - - - \$148,324.51	By Net Manufacturing Profits - - - - \$529,237.92
Dividends on Preferred Shares \$219,690.00	Interest on Investments - - - - 92,467.56
Dividends on Common Shares <u>217,240.00</u>	
\$436,930.00	
Bad Debts - - - - - 8,680.73	
Balance forward - - - - - 27,770.24	
<u>\$621,705.48</u>	<u>\$621,705.48</u>

Canadian Cottons, Limited

GENERAL STATEMENT

YEAR ENDING 31ST MARCH, 1927

<u>ASSETS</u>		<u>LIABILITIES</u>	
Cash - - - - -	\$131,777.51	Open Accounts including Tax	
Open Accounts (net cash basis),		Reserve - - - - -	\$1,188,103.39
Bills Receivable and Call Loans	<u>2,977,533.87</u>	Bond Interest and Dividends ac-	
	3,109,311.38	rued - - - - -	<u>149,212.50</u>
		Total Current Liability	\$1,337,315.89
<u>INVENTORY OF</u>		<u>BONDS</u> - - - - -	\$5,000,000.00
Raw Cotton - - - - -	374,502.27	Less Redeemed - - - - -	<u>833,659.99</u>
Cloth, Process and Yarn - - - - -	766,466.78		4,166,340.01
Supplies - - - - -	173,842.87	<u>CAPITAL</u>	
Insurance Unearned - - - - -	<u>64,000.00</u>	Preferred - - - - -	3,661,500.00
	1,378,811.92	Common - - - - -	2,715,500.00
Investment Bonds - - - - -	<u>1,500,000.00</u>	<u>RESERVES</u>	
Total Current Assets	\$5,988,123.30	Depreciation - - - - -	1,750,000.00
Bonds in Treasury and for Sinking		Bad Debts - - - - -	100,000.00
Fund - - - - -	1,038,157.65	Special Replacements - - - - -	<u>600,000.00</u>
Stocks in other Companies - - - - -	203,277.94		2,450,000.00
<u>CAPITAL ASSETS</u>		Surplus at Credit of Profit and	
Mills, Plants, Properties, etc. - - - - -	9,838,660.28	Loss Account - - - - -	<u>2,737,563.27</u>
	<u>\$17,068,219.17</u>		<u>\$17,068,219.17</u>

Montreal, 27th April, 1927

Audited and verified, C. W. BAKER (of Baker, Birnie & Co., Chartered Accountants)

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

R. G. TOLMIE,
Acting 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, 1927.

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 and Co., Chartered Accountants).

Montreal, 27th April, 1927

