

Canadian Cottons  
LIMITED

*Twenty-fifth*  
ANNUAL REPORT  
*for Year Ended*  
*March 31st*  
1935

FURVIS HALL  
LIBRARIES

DEC 21 1945

MCGILL UNIVERSITY



# CANADIAN COTTONS, LIMITED

HEAD OFFICE: MONTREAL

---

## *Operating*

ONTARIO MILL, HAMILTON, ONT.  
STORMONT MILL, CORNWALL, ONT.  
DUNDAS MILL, CORNWALL, ONT.  
CANADA MILL, CORNWALL, ONT.  
ST. CROIX MILL, MILLTOWN, N.B.  
GIBSON MILL, MARYSVILLE, N.B.

## *Subsidiary*

CORNWALL AND YORK COTTON MILLS COMPANY, LIMITED  
SAINT JOHN, N.B.

## *Operating*

CORNWALL MILL                      YORK MILL

---

## OFFICERS

A. O. DAWSON, LL.D.	<i>President and Man. Director</i>
GEORGE CAVERHILL	<i>Vice-President</i>
R. G. TOLMIE	<i>General Manager</i>
HUGH M. WATSON, A.C.I.S.	<i>Secretary</i>
K. L. HAMILTON	<i>Treasurer</i>

---

## DIRECTORS

SIR H. MONTAGU ALLAN, C.V.O.  
W. A. BLACK  
GEORGE CAVERHILL  
A. O. DAWSON, LL.D.  
F. E. MEREDITH, K.C., LL.D.  
W. J. MORRICE  
R. G. TOLMIE

TWENTY-FIFTH ANNUAL REPORT OF THE  
DIRECTORS OF CANADIAN COTTONS LIMITED,  
AS PRESENTED TO THE SHAREHOLDERS AT THE  
ANNUAL MEETING OF THE COMPANY HELD  
AT MONTREAL MAY 31ST, 1935, 12.30 P.M.

*To the Shareholders:—*

Your Directors herewith submit the Twenty-fifth Annual Report of your Company, together with Balance Sheet as at March 31st, 1935, and Profit and Loss Account for the twelve months' period ended on that date.

As forecast at the Annual Meeting held in May, 1934, the year now under review opened up with considerable promise. The expectations of your Directors were realized during the first six months, but the second half of the year proved a distinct disappointment. During that period sales fell off very materially, necessitating Mill curtailment with resultant higher manufacturing costs.

The situation was further aggravated by the fact that British competition compelled your Company to sell many lines of goods at, or below, the cost of production.

Therefore, it is with much regret that your Directors have to report that the net profit for the year, amounted to but \$151,979.54, as compared with \$342,368.23 for year ended March 31st, 1934.

As the Company's surplus was increased by a profit made on the sale of securities, and on Bonds purchased for the Sinking Fund, it was deemed wise to pay the Shareholders the usual 6% on the Preferred stock and 4% on the Common stock of the Company, and this was done.

Your Company's surplus now stands at \$2,085,180.14, as compared with \$1,959,614.73 on March 31st, 1934, an increase of \$125,565.41.

Failure of the United States Government to announce definitely whether or not they will continue the policy of supporting the raw cotton market, naturally leaves the trade in doubt as to the future trend of goods prices. This uncertainty will probably mean that buying will be of a hand-to-mouth character for the next few months.

Then, for reasons difficult to understand, our Federal Government has now completely wiped out the Excise Tax on importations of cottons produced in British Mills, while at the same time retaining the full 3% Excise Tax

on raw cotton, and other supplies, that must be purchased in the United States for the use of your mills. This unfortunately will result in a larger importation of English cotton goods and a further curtailment of production in the mills of Canada.

In view of the still serious unemployment situation in this country, we doubt the wisdom of a further transference to England of work that is now being done in Canadian factories. The serious results of such a policy are twofold—firstly, Canadian Mill operatives will have their buying power reduced, with consequent suffering to themselves and their families, and loss to other Trades and Industries depending on the spendings of our people; and secondly, mill costs in Canada will of necessity be increased because of lower production. This can have no other effect than to further reduce the earnings of this Company, with the result that it will be impossible to continue making those improvements and renewals, ever necessary, if this important Canadian industry is to preserve its "place in the sun".

Then too, the Cotton industry, like all other industries, is feeling greatly the burden of increased taxation, which, if continued, will undoubtedly end in disaster, not only to the Enterprises of the Country, but also to the very Men and Governments responsible for the unfortunate position in which we find ourselves.

Economy in Government, together with a reasonable protection against the products of other countries in which wages are about one-half those being paid in Canadian mills, would mean the restoration of hope and confidence, now sadly lacking in business circles everywhere.

In thanking the officers and employees of the Company for their splendid loyalty and their best efforts during the year, we desire to say to them, that we deeply regret that conditions did not permit the restoration of the second half of the 10% reduction that was made in salaries and wages on April 1st, 1933, as the Directors were very anxious to do.

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

Respectfully yours,

A. O. DAWSON,

*President*

Montreal, May 31st, 1935.

# CANADIAN COTTONS, LIMITED

## BALANCE SHEET

YEAR ENDED MARCH 31ST, 1935

<u>ASSETS</u>	<u>LIABILITIES</u>
<u>CURRENT ASSETS</u>	
Cash on Hand and in Bank. \$104,444.22	Open Accounts and Bills Payable..... \$ 727,779.65
Open Accounts and Bills Receivable (Less Bad Debts Reserve)..... 932,428.52	Reserve for Government Taxes..... 36,649.56
\$1,036,872.74	Bond Interest Accrued..... 21,000.00
INVENTORIES of Merchandise and Supplies, priced at cost or less, and not over market value..... 2,001,411.39	Owing to Subsidiary Companies..... 55,277.78
INVESTMENTS — Dominion Government Bonds and Corporation Bonds and Shares at not exceeding market value..... 1,842,893.08	<u>TOTAL CURRENT LIABILITIES..... \$ 840,706.99</u>
<u>TOTAL CURRENT ASSETS..... \$4,881,177.21</u>	<u>BONDS—5% due 1940.... \$5,000,000.00</u>
Canadian Cottons Limited Bonds in Treasury and for Sinking Fund (at cost).. \$ 191,108.61	Less: Redeemed and Cancelled..... 3,052,860.00
Deposit for Bond Redemption..... 1,403,063.48	1,947,140.00
1,594,172.09	<u>SPECIAL RESERVES FOR:</u>
Shares in Subsidiary Companies..... 3.00	Obsolescence..... \$4,550,000.00
Prepaid and Deferred Charges—Insurance, Taxes, etc..... 81,261.96	Replacements..... 600,000.00
	Contingencies..... 201,342.81
	5,351,342.81
<u>CAPITAL ASSETS</u>	<u>CAPITAL STOCK</u>
Mills, Plants and Properties —At Cost..... \$16,775,694.66	6% Preferred:
Less Depreciation..... 6,730,938.98	Authorized \$4,500,000.00
10,044,755.68	Issued..... \$3,661,500.00
\$16,601,369.94	Common:
	Authorized \$3,500,000.00
	Issued..... 2,715,500.00
	6,377,000.00
	<u>SURPLUS—Earned..... 2,085,180.14</u>
	<u>\$16,601,369.94</u>

Montreal, May 7th, 1935.

Audited and verified as per Certificate attached:  
C. W. BAKER, Chartered Accountant (of Baker, Birnie & Co.)

APPROVED:

A. O. DAWSON }  
W. J. MORRICE } *Directors*

HUGH M. WATSON,  
*Secretary*

# CANADIAN COTTONS, LIMITED

## MANUFACTURING AND PROFIT AND LOSS STATEMENT

FOR YEAR ENDED MARCH 31ST, 1935

Profit from Operations after providing for Bad Debts, and Depreciation \$700,000.00, but before Bond Interest and Govern- ment Taxes.....	\$	150,287.59
ADD: Income from Investments.....		190,753.34
		<u>341,040.93</u>
DEDUCT:		
Bond Interest.....	\$	81,491.39
Directors' Fees.....		7,570.00
Contribution to Pension Fund.....		70,000.00
Reserve for Income Taxes		30,000.00
		<u>189,061.39</u>
Net Profit for the Year .....	\$	<u>151,979.54</u>

### SURPLUS—EARNED

Balance—March 31st, 1934.....	\$1,959,614.73
Net Profit for the Period... \$	151,979.54
Profit on Sale of Securities.	145,009.55
Profit on Bonds Purchased for Sinking Fund.....	55,000.00
Transfer of Reserves.....	101,886.32
	<u>453,875.41</u>
	2,413,490.14
DEDUCT: Dividends paid.	
Preferred Stock.....	\$ 219,690.00
Common Stock.....	108,620.00
	<u>328,310.00</u>
Balance—March 31st, 1935.....	<u>\$2,085,180.14</u>

TO THE SHAREHOLDERS,

CANADIAN COTTONS, LIMITED.

I have examined the Books and Accounts of Canadian Cottons, Limited, for the year ended March 31st, 1935. I have verified the Cash in Bank and the Investment Securities and the Revenue therefrom.

I have obtained all the information and explanations required, and in my opinion, the attached 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 shown by the books of the Company.

C. W. BAKER,  
Chartered Accountant,  
(of Baker, Birnie & Co.)

Montreal, May 7th, 1935.



# CANADIAN COTTONS, LIMITED

## *Manufacture*

DENIMS	COTTON TWEEDS
COTTONADES	COTTON SUITINGS
CASSIMERES	PANTINGS
COVERTS	BEDFORD CORDS
AUTOMOBILE FABRICS	WHIPCORDS
MATTRESS TICKINGS	
AWNING FABRICS	
SHIRTINGS	APRON GINGHAMS
GALATEAS	NOVELTY DRESS FABRICS
DRESS GINGHAMS	NURSES CLOTHS
CHAMBRAYS	RIPPLETTES
ARTIFICIAL SILK FABRICS FOR DRESSES, LININGS AND LINGERIE	
FLANNELS	COLOURED FLANNELETTES
BLEACHED FLANNELETTES	MOTTLED INTERLININGS
NAPPED SHAKERS	SILENCE CLOTHS
TIE LININGS	EIDERDOWNS AND
NAPPED SHEETINGS	ROBE CLOTHS

---

COTTON BLANKETS

---

YARNS—UNBLEACHED, BLEACHED AND  
COLOURED HOSIERY YARNS  
WARP YARNS

---

**EXCLUSIVE SPINNING RIGHTS IN CANADA FOR  
VISTRA FIBRE—"SASE" YARNS.**



