

Canadian Cottons

LIMITED

Thirty-first
ANNUAL REPORT
for the Year Ended
March 31st
1941

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CANADIAN COTTONS, LIMITED

HEAD OFFICE:

760 Victoria Square, 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.

OFFICERS

E. C. FOX	<i>Chairman</i>
R. G. TOLMIE	<i>President and Man. Director</i>
W. J. MORRICE	<i>Vice-President</i>
W. V. BOYD	<i>General Manager</i>
K. L. HAMILTON	<i>Secretary-Treasurer</i>

DIRECTORS

SIR H. MONTAGU ALLAN, C.V.O.	- - -	Montreal
W. V. BOYD	- - - - -	Montreal
A. S. BRUNEAU, K.C.	- - - - -	Montreal
E. C. FOX	- - - - -	Toronto
F. E. MEREDITH, K.C., LL.D.	- - - - -	Montreal
W. J. MORRICE	- - - - -	Montreal
R. G. TOLMIE	- - - - -	Montreal

DIVIDEND DISBURSING AGENTS.....	The Royal Trust Co., Montreal
STOCK TRANSFER AGENTS.....	The Royal Trust Co., Montreal and Toronto
REGISTRARS.....	The Bank of Montreal, Montreal and Toronto
BANKERS.....	The Bank of Montreal, Montreal
STOCK LISTED.....	The Montreal Stock Exchange

Annual Report

of the

Directors of

CANADIAN COTTONS, LIMITED

Year Ended 31st March, 1941

To the Shareholders:

Your Directors submit herewith the Balance Sheet of the Company as at 31st March, 1941, together with a Statement of Profit and Loss for the year which ended on that date.

Net profits, including income from

Pension Fund.....	\$50,000.00
6% Dividend on Preferred Stock	219,690.00
4% " " Common "	108,620.00
2% Bonus " " "	54,310.00
	432,620.00
Balance transferred to Surplus.....	169,191.30
	\$601,811.30

investments and after providing for depreciation, for Federal and Provincial taxes and for other customary charges, amount to \$601,811.30. This sum has been appropriated as follows:—

In last year's report reference was made to the marked increase in demand for the products of your Company during the last seven months of that year. It would appear

that some of the buying at that time was of a speculative character, in expectation of a scarcity of goods and advancing markets. This resulted early in the year under review in a

falling-off of new business booked and in an accumulation of manufactured goods inventory over a period of about seven months. During that time mill production was maintained with a minimum curtailment, with a view to giving as steady employment as possible. Taking the year as a whole, the volume of production established an all-time high. Since the beginning of 1941 the Trade has been buying more freely, stimulated in part by a rising raw material market.

Special taxation, made necessary by war conditions, is taking a substantial portion of profits of Canadian corporations. Your Directors are glad that there are profits out of which your Company can make its contribution to Canada's war effort. Along with tens of thousands of Canadian taxpayers, both individual and corporate, your Company is vitally interested in knowing that the hundreds of millions of dollars being collected annually are spent in an earnest effort to prosecute the war to a successful conclusion.

Employees throughout our entire organization — mills and offices — have responded enthusiastically to

the appeal to purchase war saving certificates. Ninety-seven percent in all have taken advantage of the payroll-deduction plan for this purpose.

Reference was made a year ago to the large demands there will be on the liquid resources of your Company for important replacements, especially buildings. The investment in capital assets this year of \$268,704.03 is not in fulfilment of that policy but has to do almost entirely with machinery replacement and new machinery, in order to maintain the equipment of your mills at an up-to-date standard.

Your Directors, in considering the investments of the Company, have decided that it is in the Company's interest to apply a portion of its surplus funds to the purchase for cancellation of such preferred stock of the Company as may be offered at a reasonable price, or its redemption from such preferred shareholders as may be disposed of their own free will to turn in their shares for redemption. The by-law submitted for your approval does not alter the rights of any shareholder and permits only the voluntary retirement of preferred stock.

At the same time your Directors have thought it expedient to add to the charter powers of the Company for the purpose of giving the Company reasonable powers in the investment of its surplus funds.

During the year Mr. Hugh M. Watson retired as Secretary of the Company, after fifty-four years of valued service. Mr. K. L. Hamilton, formerly Treasurer, has been ap-

pointed by your Board to the position of Secretary-Treasurer.

Your Directors wish to express sincere appreciation for the faithful efforts, loyalty and efficiency of all employees of the Company.

The books and accounts of the Company have been duly audited, and the Auditors' report is submitted herewith.

Submitted on behalf of the Board of Directors.

E. C. Fox,
Chairman.

R. G. TOLMIE,
President.



CANADIAN COTTONS, LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 1941

ASSETS

CURRENT:

Cash on hand and in Banks—including U.S. Funds converted at 10% premium.....	\$ 871,460.42
Accounts Receivable—less Reserve for Bad and Doubtful Accounts.....	1,327,743.42
Inventories of Raw Cotton (including Cotton purchased but not delivered), Goods in Process, Manufactured Stock and Supplies, as determined and certified by the management, and valued in each case at cost or under, and not in excess of present market values.....	2,434,515.07
Investments— Dominion and Provincial Government Bonds and Corporation Bonds and Shares—at Cost..... (Market Value as at 31st March, 1941—\$4,156,650.00)	4,140,314.45

TOTAL CURRENT ASSETS..... 8,774,033.36

SHARES IN SUBSIDIARY COMPANIES..... 3.00

DEFERRED CHARGES TO OPERATIONS..... 104,857.08

CAPITAL ASSETS:

Mills, Plants and Properties—at Cost— Balance as at 1st April, 1940.....	\$18,069,161.81
Additions during year.....	268,704.03
	18,337,865.84

\$27,216,759.28

NOTE:—In computing the amount set aside for Dominion and Provincial taxes, consideration has been given to the provisions of the Excess Profits Tax Act, allowing reserves against future depreciation in inventory values.

Montreal, 30th April, 1941

Audited and verified as per Certificate attached.

RITCHIE, BROWN & CO.,
Chartered Accountants.

LIABILITIES

CURRENT:

Accounts and Bills Payable.....	\$ 421,420.70
Cotton Acceptances.....	351,216.00
Due to Subsidiary Company.....	214,519.67
Contribution to Pension Fund.....	50,000.00
Reserve for Dominion and Provincial Taxes.....	871,587.85

TOTAL CURRENT LIABILITIES..... 1,908,744.22

CONTINGENT RESERVE..... 400,000.00

DEPRECIATION RESERVE..... 16,460,226.84

CAPITAL STOCK:

Authorized— Preferred—6% Non-Cumulative 45,000 shares Par Value \$100.00 each	\$ 4,500,000.00
Common— 35,000 shares Par Value \$100.00 each	3,500,000.00
	\$ 8,000,000.00

Issued and fully paid— Preferred— 36,615 shares at \$100.00 each.....	\$ 3,661,500.00
Common— 27,155 shares at \$100.00 each.....	2,715,500.00
	6,377,000.00

EARNED SURPLUS:

Balance per Statement attached..... 2,070,788.22

\$27,216,759.28

Approved:

R. G. TOLMIE }
W. V. BOYD } *Directors.*

CANADIAN COTTONS, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1941

Operating Profit after providing for items		
A, B, C, D, E, as below noted.....	\$	486,339.05
<i>Add:</i> Income from Investments.....		115,472.25
		<hr/>
	\$	601,811.30
<i>Deduct:</i> Contribution to Pension Fund.....		50,000.00
		<hr/>
<i>NET PROFIT FOR YEAR</i>		551,811.30
<i>Deduct:</i>		
Dividends—		
Preferred 6%.....	\$219,690.00	
Common—Ordinary 4%... \$108,620.00		
Bonus 2%... 54,310.00		
	<hr/>	162,930.00
		<hr/>
		382,620.00
<i>SURPLUS FOR YEAR</i>		169,191.30
Earned Surplus as at 31 March, 1940.....		1,901,596.92
		<hr/>
		<u>\$2,070,788.22</u>

A. Depreciation.....	\$579,287.86
B. Executive Salaries.....	52,560.00
C. Directors' Fees.....	7,775.00
D. Provision for Current Year's Income and Excess Profits Taxes, including adjustment affecting prior years.....	1,226,703.09
E. Legal Fees.....	2,791.18

TO THE SHAREHOLDERS,

CANADIAN COTTONS, LIMITED.

We have examined the books and accounts of Canadian Cottons, Limited, for the year ended 31st March, 1941. We have verified the Cash in Banks and the Investment Securities and the Revenue therefrom.

We have obtained all the information and explanations required, and in our opinion the attached Balance Sheet and Profit and Loss Account, based upon certified inventories presented, are properly drawn up so as to exhibit a true and correct view of the state of affairs of the Company as at 31st March, 1941, and for the year ended that date, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

RITCHIE, BROWN & CO.,

Chartered Accountants.

Montreal, 30th April, 1941.

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 CLOTH
CHAMBRAYS	RIPPLETTES
ARTIFICIAL SILK FABRICS FOR DRESSES, LININGS AND LINGERIE	
FLANNELS	COLOURED FLANNELETTES
BLEACHED FLANNELETTES	MOTTLED INTERLININGS
NAPPED SHAKERS	SILENCE CLOTH
TIE LININGS	EIDERDOWNS AND
NAPPED SHEETINGS	ROBE CLOTHS
—————	
COTTON BLANKETS	
WOOL-MIXTURE BLANKETS	
—————	
UNBLEACHED, BLEACHED AND COLOURED YARNS	
HOSIERY YARNS, WARP YARNS	
SPUN RAYON AND WOOL BLEND YARNS	

