

Canadian Cottons

LIMITED

Thirty-second
ANNUAL REPORT
for the Year Ended
March 31st
1942

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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 - - - - - *Chairman*
R. G. TOLMIE - - - - - *President and Man. Director*
W. J. MORRICE - - - - - *Vice-President*
W. V. BOYD - - - - - *General Manager*
K. L. HAMILTON - - - - - *Secretary-Treasurer*

DIRECTORS

SIR H. MONTAGU ALLAN, C.V.O. - - - - - Montreal
W. V. BOYD - - - - - Montreal
A. S. BRUNEAU, K.C. - - - - - Montreal
E. C. FOX - - - - - Toronto
W. J. MORRICE - - - - - Montreal
J. I. ROY - - - - - 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, 1942

To the Shareholders:

Your Directors submit herewith the Balance Sheet of the Company as at 31st March, 1942, together with a Statement of Profit and Loss for the year which ended on that date.

providing for income and excess profits taxes and for other customary charges, amount to \$487,748.09, to which is added income from investments of \$155,907.78, making a total net profit of \$643,655.87. This has been appropriated as follows:—

Net manufacturing profits, after

| | |
|-------------------------------------|--------------|
| Pension Fund..... | \$50,000.00 |
| 6% Dividend on Preferred Stock..... | 205,249.50 |
| 4% " " Common " | 108,620.00 |
| 2% Bonus " " " | 54,310.00 |
| | 418,179.50 |
| Balance transferred to Surplus..... | 225,476.37 |
| | \$643,655.87 |

A by-law was enacted at the Shareholders' Meeting on May 28th, 1941, authorizing your Directors from time to time to purchase preferred stock of the Company at a price not

exceeding \$120.00 per share. During the year 3,209 shares have been purchased in the open market at a premium of \$59,404.00, which premium has been charged to the Surplus

Account as shown. A by-law to reduce the capital accordingly is submitted for your approval.

Your Company's plants have been in full operation during the entire year and new peaks were established in production and in sales. Current demand for the products of the mills for both war and civilian uses is considerably in excess of the mills' ability to produce. The necessity of diverting a larger part of our production to war requirements during the year has resulted in a corresponding reduction in the flow of goods to regular trade channels, and secondary manufacturers who are dependent on these goods as their raw material, must curtail operations accordingly. While everything possible is being done to cope with this situation, serious difficulty is now being experienced in maintaining even a normal volume of production, owing to an acute shortage of labour. As far as is practicable, the policy of employing women to fill positions vacated by men has been adopted. There are, however, many classes of work—some of a highly mechanical nature and much heavy work—in which the employment of males is

essential. The difficulty of effecting normal machinery replacements owing to the necessity of giving priority to the production of war munitions, is also an important factor in maintaining production.

The outstanding event of the year from the viewpoint of a major adjustment to changing conditions, was the introduction of price "ceilings" by the Wartime Prices and Trade Board in order that retail selling prices on cotton fabrics and on garments and many other products made therefrom, as established during the basic period (September 15th to October 11th, 1941) might be maintained. The cotton mills were required by the Board to revert to selling prices that were in effect at February 1st, 1941. In the case of your Company this, in reality, restored prices which were established in November of 1940. In view of the sharp rise which meanwhile had taken place in raw cotton prices (over which Canada has no control), as well as material increases in wages and in the costs of nearly all essential materials, your Company is now selling its products to the trade at lower than current replacement costs.

The necessity, therefore, arises of adjusting the cost of raw cotton to the mills and negotiations are now being carried on with the Commodity Prices Stabilization Corporation Limited with this in view.

It is with deep regret that we record the death on September 23rd, 1941, of our former colleague, Dr. F. E. Meredith, who served as a member of your Board of Directors for seven years. Mr. J. Irving Roy, Comptroller of the Company, has been appointed by your Board to fill

the vacancy created by Dr. Meredith's death.

Employees in every department of our organization have carried on under the trying conditions prevailing throughout the year with cheerful enthusiasm. Your Directors wish to record their keen appreciation of the responsive and efficient efforts of all employees.

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, 1942

| <u>ASSETS</u> | | <u>LIABILITIES</u> | |
|---|------------------------|--|------------------------|
| <u>CURRENT:</u> | | <u>CURRENT:</u> | |
| Cash on hand and in Banks..... | \$ 452,305.23 | Accounts and Bills Payable..... | \$ 417,907.50 |
| Accounts Receivable—less Reserve for Bad and Doubtful Accounts..... | 1,314,104.33 | Cotton Acceptances..... | 423,910.00 |
| 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..... | 3,152,415.99 | Due to Subsidiary Company..... | 168,575.95 |
| Investments— | | Contribution to Pension Fund..... | 50,000.00 |
| Dominion and Provincial Government Bonds and Cor- poration Bonds and Shares—at cost..... | 5,433,531.92 | Reserve for Dominion Income and Excess Profits Taxes | 2,221,950.04 |
| (Market value as at 31st March, 1942—\$5,424,500.00) | | | |
| | | <u>TOTAL CURRENT LIABILITIES</u> | 3,282,343.49 |
| <u>TOTAL CURRENT ASSETS</u> | 10,352,357.47 | CONTINGENT RESERVE..... | 402,437.50 |
| SHARES IN SUBSIDIARY COMPANIES..... | 3.00 | DEPRECIATION RESERVE..... | 17,066,640.60 |
| DEFERRED CHARGES TO OPERATIONS..... | 81,200.00 | <u>CAPITAL STOCK:</u> | |
| <u>CAPITAL ASSETS:</u> | | Authorized— | |
| Mills, Plants and Properties—at cost— | | Preferred—6% Non-Cumulative | |
| Balance as at 1st April, 1941..... | \$18,337,865.84 | 45,000 shares Par Value \$100.00 each | \$4,500,000.00 |
| Additions during year..... | 272,955.87 | Common— | |
| | <u>18,610,821.71</u> | 35,000 shares Par Value \$100.00 each | 3,500,000.00 |
| | <u>\$29,044,382.18</u> | | <u>\$8,000,000.00</u> |
| | | Issued and fully paid— | |
| | | Preferred— | |
| | | 36,615 shares at \$100.00 | |
| | | each..... | \$3,661,500.00 |
| | | Less: 3209 shares pur- chased for cancellation | <u>320,900.00</u> |
| | | | 3,340,600.00 |
| | | Common— | |
| | | 27,155 shares at \$100.00 each..... | <u>2,715,500.00</u> |
| | | | 6,056,100.00 |
| | | <u>EARNED SURPLUS:</u> | |
| | | Balance per Statement attached..... | 2,236,860.59 |
| | | | <u>\$29,044,382.18</u> |

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

Montreal, 29th April, 1942.

Audited and verified as per Certificate attached.

RITCHIE, BROWN & CO.,
Chartered Accountants.

Signed on behalf of the Board:

R. G. TOLMIE, Director.

W. V. BOYD, Director.

CANADIAN COTTONS, LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1942

| | |
|---|--------------|
| Operating Profit for year after providing for items | |
| A, B, C, D, E, as below noted..... | \$487,748.09 |
| <i>Deduct:</i> Contribution to Pension Fund..... | 50,000.00 |
| | <hr/> |
| | 437,748.09 |
| <i>Add:</i> Income from Investments..... | 155,907.78 |
| | <hr/> |
| <i>NET INCOME FOR YEAR</i> | 593,655.87 |
| <i>Deduct:</i> | |
| Dividends—Preferred 6%..... | \$205,249.50 |
| Common—Ordinary 4%... | 108,620.00 |
| Bonus 2%..... | 54,310.00 |
| | <hr/> |
| | 368,179.50 |
| <i>SURPLUS FOR YEAR</i> | <hr/> |
| | \$225,476.37 |
| | <hr/> <hr/> |
| A. Depreciation..... | \$606,413.76 |
| B. Executive Salaries..... | 49,540.00 |
| C. Directors' Fees..... | 7,925.00 |
| D. Provision for Taxes..... | 2,100,000.00 |
| E. Legal Fees..... | 1,489.18 |

EARNED SURPLUS ACCOUNT

| | |
|--|----------------|
| Earned Surplus as at 31st March, 1941..... | \$2,070,788.22 |
| <i>Add:</i> Surplus for year as above..... | 225,476.37 |
| | <hr/> |
| | 2,296,264.59 |
| <i>Less:</i> Premium on Shares Cancelled—Preferred 6%..... | 59,404.00 |
| | <hr/> |
| <i>BALANCE AS AT 31st MARCH, 1942</i> | \$2,236,860.59 |
| | <hr/> <hr/> |

TO THE SHAREHOLDERS,

CANADIAN COTTONS, LIMITED.

We have examined the books and accounts of Canadian Cottons, Limited, for the year ended 31st March, 1942. 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, 1942, 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, 29th April, 1942.

CANADIAN COTTONS, LIMITED

Manufacture

| | |
|--|-----------------------|
| DENIMS | COTTON TWEEDS |
| COTTONADES | COTTON SUITINGS |
| COVERTS | PANTINGS |
| AUTOMOBILE FABRICS | BEDFORD CORDS |
| AWNING FABRICS | WHIPCORDS |
| MATTRESS TICKINGS | |
| SHIRTINGS | APRON GINGHAMS |
| GALATEAS | NOVELTY DRESS FABRICS |
| DRESS GINGHAMS | NURSES CLOTH |
| CHAMBRAYS | |
| 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 |
| <hr/> | |
| COTTON BLANKETS | |
| WOOL-MIXTURE BLANKETS | |
| <hr/> | |
| UNBLEACHED, BLEACHED AND COLOURED YARNS | |
| HOSIERY YARNS, WARP YARNS | |
| SPUN RAYON AND WOOL BLEND YARNS | |

