## CANADIAN COTTONS, LIMITED

### Company Considered Deferred Action re Dividend Advisable—Principal Returns—Analysis of Statement

Monetary Times Office,
Montreal, May 14th.

The annual statement of the Canadian Cottons, Limited, has just been published. The figures are for the year ended March 1st, 1913, and show that this was the company's most successful year. The earnings of the year, after making allowance for depreciation and bad debts, bond interests and preferred stock dividends were sufficient to provide a surplus equal to 7.55 per cent. on the common stock of the company. This compares with about 6.42 per cent. of a year ago.

Notwithstanding the surplus thus shown, the directors decided not to declare dividends on the common stock at the present moment. The reasons for this decision are that the company is experiencing an active demand for its products, so active in fact that it is unable to turn the goods out fast enough. Under the circumstances, it is considered advisable that more machinery should be added, and the directors are of the opinion that this machinery had better be paid for out of the surplus than to unnecessarily increase the bond or stock issues, so that it has been decided to defer declaration of the dividend, which, on the strength of earnings alone, would be justified.

**Two Years' Returns.**

The results of the past year, as compared with those of previous year, will be found in the following table:—

| | Year ending March 31st, 1912. | 1913. |
|---|---|---|
| Sales for the year | $3,859,801 | $4,407,164 |
| Add value of products in process of manufacture | 1,247,336 | 766,998 |
| | $5,107,137 | $5,174,162 |
| Less inventory at beginning of year. | 1,259,464 | 1,247,337 |
| | $3,847,673 | $3,926,825 |
| Cost of raw material manufacturing, marketing, administration, repairs, maintenance and depreciation | 3,413,673 | 3,455,322 |
| Net profits for a year | $ 434,000 | $ 481,503 |
| Rentals, Mount Royal Spinning Mill, etc. | 155,977 | 167,008 |
| Net receipts | $ 589,977 | $ 648,511 |
| Reserve for bad debts | ......... | 20,000 |
| | $ 589,977 | $ 628,511 |
| Bond interest | 201,000 | 207,500 |
| Remaining for preferred and common dividends | $ 388,977 | $ 421,011 |
| Preferred 6 per cent. dividend | 214,500 | 215,798 |
| Surplus available for common stock dividends out of operations of year | $ 174,477 | $ 205,213 |
| Surplus brought forward at beginning of year | 426,283 | 600,760 |
| Total surplus carried forward | $ 600,760 | $ 805,973 |

As will be seen, the sales of the year were about $550,000 more than a year ago. On the other hand, however, the products in processes of manufacture were about half a million dollars less than the previous year.

**Changes and Appropriations.**

In the statement of profit and loss published a year ago, no mention was made of provision for bad debts, while this year the sum of $20,000 has been appropriated for that purpose. This added to the $20,000 already at the credit of reserve for bad debts, brings total of this account to $40,000.

There was nothing in last year's statement to indicate that any allowance was made for depreciation. In the manufacturing account, this year, an allowance for depreciation has been made, although the amount of such allowance is not specified.

To what extent the surplus earnings for the year would have been effected had the statement been prepared on the lines of that a year ago is difficult to say, but the probabilities are that the surplus would have been in excess of 8 per cent. This is of no importance, save from a standpoint of comparison, inasmuch as the appropriations mentioned are essential.

Bond interest, as will be seen, was $6,500 more during the past year than in the previous year. An adjustment in the bonded indebtedness took place during the year. A year ago there was $1,850,000 of 6 per cent. bonds of the Canadian Colored Cotton Mills Company, and $1,800,000 of the 5 per cent. bonds of Canadian Cottons, Limited. This year the bonded indebtedness amounts to $5,000 of the Canadian Cottons 5 per cent. bonds.

Current liabilities now amount to $1,535,186, this being $471,977 less than a year ago. This reduction takes place through a falling off of $180,000 in open accounts, and of $25,000 interest and dividend accrued, and of $480,000 in general bank advances, there being increases to the extent of $120,000 in secured bank advances, and of about $100,000 of bills payable.

**Assets and Indebtedness.**

Total current assets now amount to $2,248,343. The cash is about the same as a year ago, while open accounts and bills receivable amount to $702,701, being about $120,000 more than a year ago. The inventory is now $1,534,230, being about $220,000 more than a year ago. In addition to this the sum of $796,300 is available in bonds against liability, and there is also $463,800 in stocks in other companies, and advances including discount of bonds.

The entire indebtedness to the bank by way of general loan account is $542,073, and this is more than covered in the value of the raw cotton, namely, $550,190. Mills, properties, and water powers, etc., now were taken in at $10,249,715, or only $28,000 more than a year ago.

The Canadian Cottons, Limited, is the new name for the Canadian Colored Cotton Mills, which for many years did a successful business in Canada, and which a few years ago took over the Mount Royal Spinning Company, of Montreal, and the Gibson Cotton Company, of Marysville, N.B., and gave up its old title.

## NEW PROVINCIAL TREASURER

Hon. I. B. Lucas has been sworn in as provincial treasurer of Ontario. Mr. Lucas takes up the treasury portfolio in succession to the late Col. Hon. A. J. Matheson.

## GOODWIN'S, LIMITED

Monetary Times Office,
Montreal, May 15th.

A satisfactory report of the business of the past year was presented at the annual meeting of Goodwin's, Limited, in Montreal. The statement was for the fiscal and calendar year 1912, and the company was able to show gross profits of no less than $1,194,744. After bond interest was met, net profits of $162,632 were shown. The report of Mr. W. H. Goodwin, managing director, after setting forth the above, says: "From this net profit, dividends have been paid and depreciation allowed to the amount of $102,493.82, leaving a balance of $60,138.15, which balance has been placed to the credit of surplus profits, bringing the latter up to $289,657.83."

The store now has forty-two departments, most of which are now on a paying basis, and steps are being taken to place the exceptions on a paying basis as quickly as possible. The size of the buildings, the magnitude of the plant and the extent and value of the business property, the managing director pointed out, were on a par with the world's famous stores and the problem which was now being solved was to get a volume of business adequate to the fixed charges. During the year 1912, the business of the company had increased 25 per cent. over the previous year, so that the problem was nearing solution. In wages, alone, the firm paid out during the year the sum of $653,272.

Mr. D. Lorne McGibbon, president of the company, made his report and pointed out that the net profits were equal to about 13 per cent. on the preferred stock, and after dividends on this were paid, the surplus remaining was equal to about 4 per cent. on the common stock.

The officers were re-elected, being Mr. McGibbon, president; W. J. McConnell, vice-president, and Mr. Goodwin, general manager.

Stratford, Ont., ratepayers carried a by-law guaranteeing the bonds of the Stratford Mill Building Company for $30,000, and fixing the assessment at $12,000 for ten years, in return for which the company agree to erect a $60,000 plant for the manufacture of flour mill machinery, and to employ 50 hands at the start, increasing to 100 within three years. The old plant was destroyed by fire late last fall.