HART SCHAFFNER & MARX

Eleventh Annual Report
November 30, 1921
To the Stockholders

The Board of Directors herewith submits to you the financial statement of the Company for the fiscal year ending November 30, 1921, together with the report of the auditors, Messrs. Price, Waterhouse & Company, Certified Public Accountants

Profit making was difficult throughout the year. The public continued to demand fine goods, but the pressure for lower prices led to selling on the closest of margins. The fact that there had been no over-expansion during the period of inflation and that during the year 1921 we were able to utilize our space and equipment advantageously, materially aided in profit making.

The Interest Account showed a marked reversal; interest was received to the amount of $125,574 more than in 1920 and $453,917 less was paid out than in 1920, a difference in the interest account alone of $579,491. During a portion of the year the Company had an excess of cash, which was temporarily invested in United States Treasury Certificates, thus aiding the Interest Received Account.

Inventories show a gain. At the end of 1920 stocks were abnormally low because operations for the next Spring season had been intentionally delayed and materials had not been received to any extent nor goods manufactured for spring delivery. In 1921 we reverted to the previous custom, so that the present inventory includes proportionately more light weight materials received or in transit as well as goods manufactured or in process.

Current assets of the Company are five times current liabilities. The ratio a year ago was 2.6.

The Company used moderate amounts of borrowed money during the year and all loans were paid before the end of the year.

During the year preferred stock to the amount of 1533 shares was purchased for retirement, the average price being $102.96 per share.

Respectfully submitted

HARRY HART, President
**BALANCE SHEET**

**Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Will, Trade Names and Trade Marks</td>
<td>$15,000,000.00</td>
</tr>
<tr>
<td>Less—Amount written off in 1920</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td></td>
<td>$10,000,000.00</td>
</tr>
<tr>
<td>Shop Equipment and Fixtures, including Office Furniture</td>
<td>$1,096,595.56</td>
</tr>
<tr>
<td>Less—Depreciation reserve</td>
<td>520,671.78</td>
</tr>
<tr>
<td></td>
<td>575,923.78</td>
</tr>
<tr>
<td>Amounts due from employees for purchase of Company's common capital stock</td>
<td>91,394.42</td>
</tr>
</tbody>
</table>

**Current Assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories of materials and finished and partly finished merchandise on hand and in transit, at cost or market whichever is lower, less reserve</td>
<td>$5,049,312.29</td>
</tr>
<tr>
<td>Accounts, and bills receivable, less reserves</td>
<td>7,681,877.31</td>
</tr>
<tr>
<td>Sundry accounts</td>
<td>22,579.32</td>
</tr>
<tr>
<td>Cash in banks and on hand</td>
<td>1,418,005.92</td>
</tr>
<tr>
<td></td>
<td>14,171,774.84</td>
</tr>
</tbody>
</table>

**Deferred Charges to Future Operations**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid insurance, taxes, etc.</td>
<td>45,850.41</td>
</tr>
<tr>
<td></td>
<td>$24,884,943.45</td>
</tr>
</tbody>
</table>

NOVEMBER 30, 1921

Liabilities

Capital Stock

7% cumulative preferred stock—
 Originally authorized and issued—
  50,000 shares of $100.00 each $5,000,000.00

Less—Redeemed and cancelled
  16,860 shares $1,686,000.00

Purchased during year
  for cancellation
  1,533 shares 153,300.00 1,839,300.00

Common stock—
 Authorized and issued—
  150,000 shares of $100.00 each 15,000,000.00 $18,160,700.00

Current Liabilities

Bills payable—Bankers loans None
Trade accounts payable $1,155,570.95
Liability for goods in transit 633,343.18
Accrued pay rolls, Federal and other
taxes payable in 1922, etc. 999,690.79
Preferred stock dividend, payable Decem-
  ember 31, 1921 55,312.25 2,843,917.17

Reserve for Contingencies
  1,000,000.00

Surplus, as per accompanying statement
  $2,880,326.28
  $24,884,943.45
SURPLUS AND INCOME ACCOUNT
FOR THE FISCAL YEAR ENDING NOVEMBER 30, 1921

Net Profits for Year

After deducting manufacturing, marketing, administrative expenses and interest on loans and provisions for depreciation of equipment, doubtful accounts and federal taxes and after setting aside reserves for contingencies

$1,756,826.87

Add balance of surplus at Dec. 1, 1920

1,952,244.21

$3,709,071.08

Deduct—

Dividends paid and declared
Preferred stock—7% $226,086.08
Common stock—4% 600,000.00

Premiums on preferred stock purchased for cancellation

2,658.72 828,744.80

Unappropriated Surplus

At November 30, 1921

As per balance sheet

$2,880,326.28
Certificate of Accountants

To the Stockholders of
Hart Schaffner & Marx

We have examined the books and accounts of Hart Schaffner & Marx for the fiscal year ending November 30, 1921, and certify that the foregoing Balance Sheet and Surplus and Income Account are correctly drawn therefrom.

The merchandise and materials on hand and in transit, as shown by inventories certified by the responsible officials, are stated in the balance sheet at cost or market, whichever is lower, less reserve. Liberal provisions have been made for bad and doubtful accounts receivable, discounts, commitments, contingencies and for all ascertained liabilities. The cash and bank balances have been verified by actual count or by certificates from the depositaries.

WE CERTIFY that, in our opinion, the Balance Sheet and relative Surplus and Income Account are properly drawn up and show the true financial position of the Company on November 30, 1921.

PRICE, WATERHOUSE & CO.
Certified Public Accountants

Chicago, January 18, 1922