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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.
20549

FORM 10-K

RECEIVED
U. S. SECURITIES & EXCHANGE COMMISSION

ANNUAL REPORT PURSUANT TO SECTION 13 OR **FEB 1 - 1966**
15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the fiscal year
ended October 2, 1965

Commission file number 0-853

BERKSHIRE HATHAWAY INC

(Exact name of registrant as specified in its charter)

MASSACHUSETTS

(State or other jurisdiction of
incorporation or organization)

04-225-4452

(I.R.S. Employer
Identification No.)

97 COVE STREET, NEW BEDFORD, MASSACHUSETTS
(Address of principal executive offices)

02741

(Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, \$5 PAR VALUE
(Title or Class)

BERKSHIRE HATHAWAY INC.

FORM 10-K

JANUARY 28, 1966

Item 1. Number of Equity Security Holders

(A)	(B)
<u>Title of class</u>	<u>Approximate number of record holders January 21, 1966</u>
Common stock, \$5 par value	2,950

Item 2. Increases and Decreases in Outstanding Equity Securities

No increase or decrease in outstanding equity securities has occurred except for the changes previously reported in Form 8-K, Current Report for the Month of December 1965, filed with the Securities and Exchange Commission pursuant to transmittal letter dated December 31, 1965, which 8-K hereby is incorporated by reference.

Item 3. Parents and Subsidiaries of Registrant

As of January 21, 1966 Buffett Partnership, Ltd., a limited partnership under Nebraska law, owned approximately 54.3% of Registrant's outstanding shares. Mr. Warren E. Buffett, a director of the Registrant, is the sole general partner of the partnership.

Items 4 to 9, inclusive

These items are not restated or inserted by the Registrant inasmuch as since the close of its fiscal year ended October 2, 1965 the Registrant has filed with the Commission a definitive Proxy Statement pursuant to Regulation 14A which involved, among other things, the election of Directors and which Proxy Statement was transmitted to the Securities and Exchange Commission by letter dated November 10, 1965.

Item 10. Financial Statements and Exhibits

(a) See financial statements and auditor's certificate attached.

(b) Exhibits - NONE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

BERKSHIRE HATHAWAY INC.

By *Kenneth V. Chace*
Kenneth V. Chace
President

DATED: January 28, 1966

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U. S. SECURITIES & EXCHANGE COMMISSION
FEB 1 - 1966

Item 10(a) Financial Statements

Consolidated financial statements for the year ended October 2, 1965:

Accountants' Report

Consolidated Balance Sheet as of October 2, 1965

Consolidated Statement of Earnings and Retained Earnings for
the year ended October 2, 1965

Notes to Consolidated Financial Statements

Schedule V Property, plant and equipment

Schedule VI Accumulated depreciation of property, plant
and equipment

Schedule XII Reserves

All other schedules are omitted as the required information is
inapplicable or the information is presented in the financial
statements or related notes.

The financial statements of the registrant are omitted as it is
primarily an operating company and its subsidiary included in
the consolidated financial statements is totally held.

ACCOUNTANTS' REPORT

The Board of Directors
Berkshire Hathaway Inc.:

We have examined the consolidated financial statements and related schedules of Berkshire Hathaway Inc. and subsidiary as listed in the accompanying index. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the consolidated financial position of Berkshire Hathaway Inc. and subsidiary at October 2, 1965, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the treatment of the Charge equivalent to Federal income tax as explained in Note 4 of notes to consolidated financial statements. The supporting schedules, in our opinion, present fairly the information required to be stated therein.

Peat Marwick Mitchell & Co

Providence, R. I.
October 28, 1965

BERKSHIRE HATHAWAY INC.
Consolidated Balance Sheet
October 2, 1965

<u>Assets</u>		<u>Liabilities and Stockholders' Equity</u>	
Current assets:		Current liabilities:	\$ 2,964,066
Cash	\$ 775,504	Accounts payable	296,256
Marketable securities (including \$2,600,000 of short-term certificates of deposit), at cost, approximate market	2,900,000	Accrued salaries and wages	<u>441,951</u>
Accounts receivable - trade, including \$4,562 due from officers and employees, net of allowance for doubtful accounts (\$280,302) (Schedule XII)	7,422,726	Accrued state and local taxes	
Inventories (note 2)	<u>10,277,178</u>	Total current liabilities	3,702,273
Prepaid expenses	<u>196,391</u>	Stockholders' equity (notes 1 and 5):	
Total current assets	21,571,799	Common stock \$5 par value, 1,843,214 shares authorized; 1,137,778 shares issued	\$ 5,688,890
Property, plant and equipment, at cost (note 3) (Schedule V):		Retained earnings	<u>20,469,068</u>
Land	\$ 142,514	Less 120,231 shares of treasury stock, at cost	26,157,958
Buildings	4,432,512		<u>1,637,844</u>
Machinery and equipment	23,025,457		<u>24,520,114</u>
Furniture and fixtures	355,931		
Leasehold improvements	23,429		
Motor vehicles	<u>39,899</u>		
	28,019,742	Commitments and contingencies (notes 6 and 7)	
Less accumulated depreciation and amortization (Schedule VI)	<u>19,593,163</u>		
	8,426,579		
Less allowance for estimated loss on properties to be sold (Schedule XII)	<u>1,809,132</u>		
	6,617,447		
Other assets (including mortgage note of approximately \$21,700 due from officer)	<u>33,141</u>		
	\$ 28,222,387		\$ 28,222,387

See accompanying notes to financial statements.

BERKSHIRE HATHAWAY INC.

Consolidated Statement of Earnings and Retained Earnings

Year ended October 2, 1965

Net sales	\$ 49,300,685
Cost of sales (note 2)	<u>42,478,984</u>
Gross profit	6,821,701
Selling, general and administrative expenses	<u>2,135,038</u>
Operating income	<u>4,686,663</u>
Other income:	
Interest on marketable securities	41,737
Sundry other income	<u>161,386</u>
	<u>203,123</u>
	<u>4,889,786</u>
Other deductions:	
Idle plant expense	240,109
Interest	33,763
Bad debts	120,000
State income taxes	170,000
Sundry other charges	<u>6,708</u>
	<u>570,580</u>
Earnings before charge equivalent to Federal income tax	4,319,206
Charge equivalent to Federal income tax (note 4)	<u>2,040,000</u>
Net earnings	2,279,206
Special charge:	
Estimated loss on properties to be sold (note 3)	<u>300,000</u>
Net earnings less special charge	1,979,206
Retained earnings at beginning of year	19,417,576
Credit resulting from charge equivalent to Federal income tax (note 4)	<u>2,040,000</u>
	23,436,782
Deduct:	
Excess of cost of treasury stock retired over par value	<u>2,967,714</u>
Retained earnings at end of year	\$ <u>20,469,068</u>
Depreciation deducted in above statement	\$ <u>862,424</u>

See accompanying notes to financial statements.

BERKSHIRE HATHAWAY INC.

Notes to Consolidated Financial Statements

October 2, 1965

- (1) The consolidated financial statements include the accounts of Berkshire Hathaway Inc. and its wholly-owned Canadian subsidiary.

Canadian currency has been converted into United States dollars as follows: (1) current assets and liabilities at rates of exchange in effect at the close of the year, (2) properties at rates in effect when acquired, and (3) income, costs and expenses at average rates of exchange for the year, except depreciation, and amortization which are based on the dollar costs of the properties. The net unrealized loss on such conversions (not significant) has been carried to income.

The excess of the Company's cost over its equity in its subsidiary (\$190,330) representing losses since acquisition has been charged to retained earnings in consolidation.

Intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

Berkshire Hathaway Inc. had no other investments in foreign or domestic affiliates.

- (2) The inventories used in the computation of cost of sales were as follows:

October 3, 1964 - \$11,689,145
 October 2, 1965 - \$10,277,178

At October 2, 1965, inventories consisted of the following:

Raw materials	\$ 2,605,084
Work in process	2,910,974
Finished goods	4,585,627
Supplies	<u>175,493</u>
	<u>\$ 10,277,178</u>

Raw materials and materials in process are priced at the lower of cost or market, except for the cotton content of stock in process of King Philip D Division which is priced at a standard established in 1933, which is less than the current market. At October 2, 1965 the replacement cost of the cotton, so valued, was approximately \$117,000 in excess of the amount at which it is stated in the inventory. Current standard costs are used in valuing labor and manufacturing burden in stock in process. Cloth is priced at the lower of cost or market. All costs were determined generally on an average basis.

The inventory of the subsidiary is priced at the lower of cost or market on a first-in, first-out basis.

(Continued)

BERKSHIRE HATHAWAY INC.

Notes to Consolidated Financial Statements, Continued

- (3) At October 2, 1965, there were reserves of \$1,809,132 for estimated losses on properties to be sold. These reserves were established to adjust the book values of discontinued operations to estimated realizable values. In the accompanying financial statements an addition to these reserves of \$300,000 has been reflected as a special charge against earnings. This amount has been reported to stockholders as a charge against retained earnings.

Upon the sale or retirement of plant and equipment, the applicable accumulated depreciation is eliminated from the accumulated allowance, and the profit or loss resulting from such sale or retirement is reflected in either earnings or estimated loss on properties to be sold.

Depreciation on acquisitions prior to fiscal year ended October 2, 1965 has been charged to operations on the straight-line method. For additions in the current year, depreciation has been computed on the double declining balance method. This change did not have a material effect on earnings. Leasehold improvements are being amortized over the lives of the leases.

Maintenance, repairs, and renewals of a minor nature are charged to income as incurred. Renewals of a major nature and betterments which extend the useful life of plant and equipment are capitalized.

No items of plant and equipment were pledged to secure any indebtedness.

- (4) No Federal tax is payable with respect to the net earnings for the year ended October 2, 1965 due to operating loss carryovers and losses on plant assets. These latter losses were charged against the reserve for estimated losses on properties to be sold. However, to prevent a misleading interpretation of future earnings after these losses have been fully utilized, a charge equivalent to the Federal income tax which would have been payable for the year ended October 2, 1965 had these losses not been available, has been reflected as a charge to earnings, and the amount of tax savings due to these losses has been reflected as a credit to retained earnings. If the Company had followed this practice in the prior year, it would have resulted in a charge of approximately \$50,000 against earnings in that year.

The Company has unused Federal income tax loss carryovers of approximately \$3,450,000 of which approximately \$1,200,000 expires in 1967 and the remainder in succeeding years.

Federal income tax returns of the Company have been examined through the fiscal year ended September 30, 1957. The statute of limitations has expired for the fiscal years 1958 through 1961.

(Continued)

BERKSHIRE HATHAWAY INC.

Notes to Consolidated Financial Statements, Continued

- (5) At the annual meeting of stockholders held December 1, 1964, it was voted that the authorized capital stock of this Corporation be reduced to 1,843,214 shares of \$5 par value common stock by canceling and retiring the 469,602 shares held in the treasury at October 3, 1964 and that the excess of cost over par value of retired shares be charged to retained earnings.

Subsequent to December 1, 1964, the Company purchased an additional 120,231 shares of common stock for the treasury. These shares are carried on the accompanying consolidated balance sheet at cost, \$1,637,844.

- (6) The Company has in effect a pension plan to provide eligible employees with pension and death benefits. Eligible employees consist of salaried personnel. The unfunded past service cost and annual contribution to the plan by the Company for the year ended October 2, 1965 are \$722,700 and \$20,871, respectively.
- (7) The Company occupies office and warehouse space under long-term leases which call for total annual payments of \$66,000 and aggregate rentals of \$238,000 over the lives of such leases.

The Company is contingently liable for approximately \$147,000 at October 2, 1965 under a union contract covering certain employees who have reached the specified retirement age, have a minimum of fifteen years service, and who retire voluntarily.

The Company has no stock option plans or profit-sharing plans in effect at October 2, 1965.

- (8) Supplementary profit and loss information:

	<u>Charged directly to profit and loss</u>		
	<u>To cost of sales</u>	<u>Other</u>	<u>Total</u>
Maintenance and repairs	\$ <u>356,440</u>	<u>27,369</u>	<u>383,809</u>
Depreciation and amortization	<u>816,361</u>	<u>46,063</u>	<u>862,424</u>
Taxes, other than income taxes:			
Payroll taxes	714,747	34,638	749,385
Real estate and personal property taxes	108,853	63,598	172,451
Other state and local taxes	<u>76,580</u>	<u>31,123</u>	<u>107,703</u>
	\$ <u>900,180</u>	<u>129,359</u>	<u>1,029,539</u>
Rents	\$ <u>17,059</u>	<u>130,058</u>	<u>147,117</u>

There were no royalty agreements, no management or service contract fees.

BERKSHIRE HATHAWAY INC.
 Property, Plant and Equipment
 Year ended October 2, 1965
 Schedule V

<u>Classification</u>	<u>Balance at beginning of period</u>	<u>Additions at cost</u>	<u>Retirements or sales (1)</u>	<u>Balance at close of period</u>
Land	\$ 150,046	-	7,532	142,514
Buildings	4,578,329	7,683	153,500	4,432,512
Machinery and equipment	28,456,634	778,060	6,209,237	23,025,457
Furniture and fixtures	384,967	13,246	42,282	355,931
Leasehold improvements	15,825	10,423	2,819	23,429
Motor vehicles	49,752	2,400	12,253	39,899
	<u>\$ 33,635,553</u>	<u>811,812</u>	<u>6,427,623</u>	<u>28,019,742</u>

(1) Retirements and sales includes discontinued operations having a cost of \$6,118,000 and a net book value of \$3,264,000. The resulting loss from disposal of these assets amounting to \$2,701,489 has been charged to the reserve for estimated loss on properties to be sold. See note 3 of notes to consolidated financial statements and Schedule XII.

BERKSHIRE HATHAWAY INC.

Accumulated Depreciation of Property, Plant and Equipment

Year ended October 2, 1965

Schedule VI

<u>Classification</u>	<u>Balance at beginning of period</u>	<u>Additions charged to profit and loss or income</u>	<u>Deductions Retirements, renewals and replacements (1)</u>	<u>Balance at close of period</u>
Buildings	\$ 3,191,762	80,942	134,141	3,138,563
Machinery and equipment	18,287,484	761,935	2,935,681	16,113,738
Furniture and fixtures	326,165	13,218	40,136	299,247
Leasehold improvements	2,999	4,170	704	6,465
Motor vehicles	45,279	2,159	12,288	35,150
	<u>\$ 21,853,689</u>	<u>862,424</u>	<u>3,122,950</u>	<u>19,593,163</u>

(1) See note to Schedule V.

BERKSHIRE HATHAWAY INC.

Reserves

Year ended October 2, 1965

Schedule XII

	<u>Balance at beginning of period</u>	<u>Additions charged to profit and loss or income</u>	<u>Deductions</u>	<u>Balance at end of period</u>
Allowance for doubtful accounts	\$ <u>245,354</u>	<u>120,000</u>	<u>85,052</u> (1)	<u>280,302</u>
Estimated loss on properties to be sold.	<u>4,210,621</u>	<u>300,000</u>	<u>2,701,489</u> (2)	<u>1,809,132</u>

(1) Accounts written off.

(2) Losses on sales of idle property and equipment. See Schedule V.