

DOMINION
WOOLLENS
— & —
WORSTEDS
LIMITED



TENTH
FINANCIAL REPORT
1938

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DOMINION WOOLLENS
& WORSTEDS
LIMITED

TENTH FINANCIAL REPORT
FOR YEAR ENDED
DECEMBER 31st, 1938

Presented to the Shareholders at the Annual
Meeting of the Company held
at Toronto on the
Twenty-third day of March,
1939



Executive Offices
TORONTO, ONTARIO

Mills at
Hespeler, Ontario
Peterborough, Ontario
Orillia, Ontario

Sales Offices:

80 Richmond Street West Toronto, Ont.	Confederation Building Montreal, Que.
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BOARD OF DIRECTORS

President:

A. O. Dawson

Vice-President:

W. K. Trower

C. M. Heddle

John W. Hobbs

G. D. Perry

E. M. Saunders

Managing-Director:

Henry Barrett

Secretary-Treasurer:

F. C. Cockburn

Stock Transfer Agents:

National Trust Company, Limited
Toronto

Registrar of Transfers:

Royal Trust Company, Limited
Toronto

Bankers:

Imperial Bank of Canada

Auditors:

P. S. Ross & Sons
Chartered Accountants
Toronto

DOMINION WOOLLENS & WORSTEDS, LIMITED

Toronto, Ontario, March 8th, 1939.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Tenth Financial Report for the fiscal year ended December 31st, 1938, covers a very difficult period. The reasons for the unfavourable report are:

- 1.—A greatly reduced volume of business due to the lessened demand for products similar to those produced by your Company, and a highly competitive condition in the sale of same.
- 2.—A decline in wool values due to lower wool prices and to the decline in the value of the pound sterling.
- 3.—The consolidation, for purposes of economy, of the cloth manufacturing formerly carried on at the Auburn Mill, Peterborough, Ont., with that of the cloth mill at Hespeler, Ont., and the expense of doing so.

While no economies resulting from the above-mentioned changes were obtained during the year under review, as they were not completed until early January, 1939, there will be substantial savings in the current year as a result of this consolidation.

DOMINION WOOLLENS & WORSTEDS, LIMITED

The Balance Sheet reflects the write-down of the physical assets made necessary by the consolidation of operations above referred to. It will also be noted that an item of \$211,700, carried as an asset as "Bondholders' Reorganization Agreements," has been eliminated and this amount has been deducted from the Capital Surplus.

As usual, all operating expenses, including repairs and renewals, as well as administrative and selling expenses, have been provided for.

Bad Debts for the period amounted to \$2,045.74.

The inventory is the lowest in the Company's history and has been taken on the basis of the lower of cost or replacement, and is in excellent liquid condition.

Capital expenditures amounted to \$61,188.48.

An improved volume of orders has been obtained in recent months resulting in increased activity at the mills, forecasting a more favourable operating period.

The books and accounts of your Company have been audited and the auditors' report is submitted herewith.

Respectfully submitted,

A. O. DAWSON,
President.

STATEMENT
of
INCOME AND EXPENDITURE

For the Year Ended 31st December, 1938

Loss from Operations, after charges of \$24,816.77 for
Remuneration of Executive Officers and Solicitors'
Fees and \$1,467.04 for Directors' Fees, and before
providing for Depreciation and undernoted charges.... \$ 28,434.02

ADD:

Bond Interest	\$ 63,510.00	
Amortization of Water Power		
Lease	2,781.90	
Bad Debts	2,045.74	
Inventory Adjustments arising from reduction in values.....	86,024.29	
	<hr/>	154,361.93

Net Loss for year before Depreciation, transferred to Earned Surplus		\$182,795.95
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DOMINION WOOLLENS & WORSTEDS, LIMITED

BALANCE

AS AT 31st

ASSETS

CURRENT:

Cash on Hand and in Banks	\$	6,124.09	
Accounts and Bills Receivable		268,626.25	
Inventories of Finished Goods, Goods in Process, Raw Materials and Supplies, as determined and certified by the management and valued at the lower of cost or market		760,604.83	
Raw Materials in Transit		5,206.92	
Deposits with Tenders		1,668.00	
Unexpired Insurance		2,090.54	
		\$1,044,320.63	
Mortgages Receivable	\$	1,041.00	
Balances due under Agreements of Sale		1,753.22	
		2,794.22	

FIXED:

At depreciated replacement values in 1928, as certified by the Canadian Appraisal Company, Limited, com- prising Land, Buildings, Houses, Plant and Equipment, less amounts written off, plus subsequent additions at cost		\$3,501,515.43	
Less: Reserve for Depreciation		856,262.22	
		2,645,253.21	
Deferred Charges to Operations		1,596.80	
		\$3,693,964.86	

24th February, 1939.

DOMINION WOOLLENS AND WORSTEDS, LIMITED, TORONTO.

We have conducted a balance sheet audit of the accounts of Dominion Woollens and Worsted, Limited as at 31st December, 1938, and have received all the information and explanations we have required.

No provision has been made for depreciation in respect of the years ended 30th June, 1935 and 31st December, 1938.

Subject to the foregoing, we certify that, in our opinion, the above Balance Sheet has been properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 1938, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

P. S. ROSS & SONS, Chartered Accountants.

DOMINION WOOLLENS & WORSTEDS, LIMITED

HEET

CEMBER, 1938

LIABILITIES

CURRENT:

Bank Loan—Secured	\$ 457,000.00
Accounts and Bills Payable	100,766.70
Bills Payable—Secured	3,430.00
Accounts Payable—Raw Materials in Transit	5,206.92
Accrued Wages and other Accrued Liabilities	15,110.33
Sales Tax Payable	2,256.12
Provincial Corporation Taxes, estimated	1,800.00
	\$ 585,570.07

FIRST MORTGAGE SINKING FUND 6% BONDS, DUE 1953:

Authorized and Issued	1,058,500.00
Reserve for Bad Debts	25,217.77

CAPITAL AND SURPLUS:

Preferred Stock—6% Non-Cumulative, Participating.	
Authorized: 63,510 shares of Par	
Value of \$20.00 each	\$1,270,200.00
Issued: 63,510 shares, fully paid	\$1,270,200.00

Common Stock:

Authorized: 155,000 shares of No Par Value.	
Issued: 85,585 shares, fully paid	855,850.00
	\$2,126,050.00

Capital Surplus, credit balance	\$ 82,238.94
Earned Surplus, debit balance	183,611.92
	101,372.98
	2,024,677.02
	\$3,693,964.86

Contingent Liability:

Bills under Discount	\$ 1,244.58
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Signed on behalf of the Board: { A. O. DAWSON, *Director.*
HENRY BARRETT, *Director.*

STATEMENT
of
SURPLUS ACCOUNTS
For the Year Ended 31st December, 1938

CAPITAL SURPLUS:		
Balance at Credit, 1st January, 1938		\$519,625.77
DEDUCT: Items written off to this account as follows:		
Estimated Loss (after charging amount of \$664,826.67 to Depreciation and Property Reserves) on Real Estate, Plant and Equipment sold or no longer in use	\$219,843.30	
Water Power Lease, unamortized balance	5,842.53	
Bondholders' Reorganization Agreements, being excess of par value of new bonds and preferred shares over par value of old bonds cancelled under scheme for reorganization confirmed 4th April, 1935	211,700.00	
Goodwill	1.00	
	437,386.83	
Balance at Credit, 31st December, 1938		\$ 82,238.94
EARNED SURPLUS:		
Balance at Credit, 1st January, 1938 ...	\$ 321.85	
DEDUCT: Adjustment in respect of prior year taxes	1,137.82	
	\$ 815.97	
Operating Loss for Year ended 31st December, 1938, before Depreciation	182,795.95	
Balance at Debit, 31st December, 1938		183,611.92
Net Deficit, 31st December, 1938		\$101,372.98

