

DOMINION
WOOLLENS
— & —
WORSTEDS
LIMITED



ELEVENTH
FINANCIAL REPORT
1939

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**DOMINION WOOLLENS
& WORSTEDS
LIMITED**

**ELEVENTH FINANCIAL REPORT
FOR YEAR ENDED
DECEMBER 31st, 1939**

Presented to the Shareholders at the Annual
Meeting of the Company held
at Toronto on the
Fourteenth day of March,
1940



Executive Offices
80 Richmond Street West,
TORONTO, ONTARIO

Mills at
Hespeler, Ontario
Peterborough, Ontario
Orillia, Ontario

Sales Offices:
80 Richmond Street West Confederation Building
Toronto, Ont. Montreal, Que.

BOARD OF DIRECTORS

President:

John W. Hobbs

Vice-President:

W. K. Trower

C. M. Heddle

W. G. Hanson

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, February 28, 1940.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

In presenting the Eleventh Financial Report for the fiscal year ended December 31, 1939, we have to report with profound regret the death of Mr. A. O. Dawson, who has been President of the Company since its formation.

The more favourable statement which we are able to present reflects the economies which resulted from the consolidation of the Auburn Mill at Peterborough, Ontario, with the plant at Hespeler, Ontario, and the improved volume of orders obtained during the first eight months, also the greatly improved demand, due to war-time conditions, in the closing months of the fiscal period.

Your Company, due to its size, has to play an important part in supplying fabrics for military, naval and air force requirements. During the period under review the amount of this business was comparatively small, amounting to 2% of the sales, but preparations were being made for a very much larger output of these fabrics during the year 1940.

Orders on hand, both for military and civilian requirements, ensure capacity production of your mills well past the middle of the current year.

DOMINION WOOLLENS & WORSTEDS, LIMITED

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

Bad Debts for the period amounted to \$2,071.61. An addition in the amount of \$26,133.47 has been made to the Reserve for Bad Debts to provide for war-time contingencies.

The usual physical stock-taking at the year-end which necessitates a shut down of mill operations was dispensed with owing to the urgent demand for military fabrics, and our perpetual inventory record figures, which in the past have proved to be accurate, are used in the Balance Sheet. The inventory has been valued on a basis of pre-war prices for materials, labour and certain supplies, producing a resultant value which is at or below the lower of cost or market at December 31, 1939.

Capital expenditures amounted to \$33,703.57.

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

Respectfully submitted,

JOHN W. HOBBS,

President.

STATEMENT

of

INCOME AND EXPENDITURE

For the Year Ended 31st December, 1939

Profit from Operations, after charges of \$26,104.90 for Remuneration of Executive Officers and Solicitors' Fees and \$1,328.74 for Directors' Fees, and before providing for the undernoted charges		\$405,649.76
DEDUCT:		
Provision for Depreciation	\$160,000.00	
Bond Interest	63,510.00	
Added to Reserve for Bad Debts	28,205.08	251,715.08
	<hr/>	<hr/>
Net Profit from Operations		\$153,934.68
DEDUCT:		
Provision for Dominion and Provincial Income Taxes		40,000.00
		<hr/>
Net Profit transferred to Earned Surplus		<u>\$113,934.68</u>

DOMINION WOOLLENS & WORSTEDS, LIMITED

BALANCE
AS AT 31st

ASSETS

CURRENT:

Cash on Hand and in Banks	\$	4,507.54
Accounts and Bills Receivable		540,893.84
Inventories of Finished Goods, Goods in Process, Raw Materials and Supplies on hand, as de- termined from perpetual stock records in the absence of a physical count, valued (on a basis of pre-war prices for materials, labour and certain supplies) at or below the lower of cost or market, and certified to by the Management		758,123.48
Materials in Transit, at Cost		121,210.05
Deposits with Tenders		2,163.00
Unexpired Insurance		1,796.53
		\$1,428,694.44
Balances Receivable under Agreements of Sale		4,343.07
Investment in Company's own Bonds, par value \$132,350.00, at Cost		92,258.00
FIXED:		
At depreciated replacement values in 1928, as certified by the Canadian Appraisal Com- pany, Limited, comprising Land, Buildings, Houses, Plant and Equipment, less amounts written off, plus subsequent additions at cost \$3,470,402.45 Less: Reserve for Depreciation		995,767.70
		2,474,634.75
Deferred Charges to Operations		1,196.03
		\$4,001,126.29

Toronto, Ont., 20th February, 1940.

DOMINION WOOLLENS & WORSTEDS, LIMITED, Toronto, Ontario.

We have conducted a balance sheet audit of the accounts of Dominion Woollens & Worstedes, Limited as at 31st December, 1939, and have received all the information and explanations we have required.

The Board of Directors, by resolution, has made provision for depreciation in the amount of \$160,000.00 for the year ended 31st December, 1939. No provision was made in respect of the years ended 30th June, 1935, and 31st December, 1938.

The inventories were determined from perpetual book records in the absence of a physical stock-taking.

Subject to the foregoing, 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, 1939, 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
 ECEMBER, 1939

LIABILITIES

CURRENT:

Bank Loan—Secured	\$ 423,163.00	
Accounts and Bills Payable	244,872.69	
Accounts and Bills Payable—Materials in Transit	37,578.11	
Accrued Wages and Other Accrued Liabilities ..	23,526.22	
Sales Tax Payable	8,231.01	
Dominion and Provincial Income and Corpora- tion Taxes, estimated	41,200.00	
		\$ 778,571.03

FIRST MORTGAGE SINKING FUND 6% BONDS, DUE 1953:

Authorized and Issued		1,058,500.00
Reserve for Bad Debts		51,351.24

CAPITAL AND SURPLUS:

Preferred Stock — 6% Non-Cumulative, Partici- pating		
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	\$ 56,331.26	
Earned Surplus, Debit Balance	69,677.24	
		13,345.98
		2,112,704.02
		\$4,001,126.29

Signed on behalf of the Board: { JOHN W. HOBBS, *Director*.
 { HENRY BARRETT, *Director*.

STATEMENT
of
SURPLUS ACCOUNTS
For the Year Ended 31st December, 1939

CAPITAL SURPLUS:

Balance at Credit, 1st January, 1939 \$ 82,238.94

DEDUCT:

Estimated Loss (after charging \$20,494.52 to Depreciation Reserve) on Real Estate, Plant and Equipment sold or no longer in use 25,907.68

Balance at Credit, 31st December, 1939 \$ 56,331.26

EARNED SURPLUS:

Balance at Debit, 1st January, 1939 \$183,611.92

Operating Profit for year ended 31st December, 1939, after Provision for Dominion and Provincial Income Taxes 113,934.68
Balance at Debit, 31st December, 1939 69,677.24
Net Deficit, 31st December, 1939 \$ 13,345.98

