

**DOMINION
WOOLLENS
&
WORSTEDS
LIMITED**



**SIXTEENTH
ANNUAL REPORT
1944**

FURVIS HALL
LIBRARIES

JAN 28 1946

MCGILL UNIVERSITY

DOMINION WOOLLENS
& WORSTEDS,
LIMITED

SIXTEENTH ANNUAL REPORT

FOR YEAR ENDED
31st DECEMBER, 1944

Presented to the Shareholders at the Annual
Meeting of the Company held
at Toronto on the
Tenth day of May,
1945



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

Chairman of the Board:

John W. Hobbs

President:

Henry Barrett

Vice-President:

J. A. Gairdner

C. M. Heddle

G. D. Perry

F. C. Cockburn

H. B. Bonner

General Manager:

H. B. Bonner

Secretary-Treasurer and Controller:

F. C. Cockburn

Assistant Secretary-Treasurer:

S. W. Haufschild

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, April 24, 1945.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Sixteenth Annual Report for the year ended December 31, 1944 is presented herewith.

Labour shortages at all your plants have again reduced the dollar value of production.

Forty per cent of the total production has been for the armed services and sixty per cent for the civilian trade.

Inventories again show a substantial decline from the previous year and are carried at the lower of cost or market, less the reserve set up in accordance with the Excess Profits Tax Act.

In February, 1944, arrangements were made for the redemption of the Six Per Cent First Mortgage Sinking Fund Bonds, due 1953, outstanding in the amount of \$770,100.00 through the issue of \$700,000.00 of 3%, 3½% and 4% First Mortgage Serial Bonds, maturing 1945-1954. The resulting substantial reduction in the related annual interest charge will increase as the Bonds mature.

In June 1944, the Six Per Cent Non-Cumulative, Non-Callable Participating Preferred Shares were exchanged for an equal par value of Five Per Cent Debentures and certain subscription rights to Common Shares, upon the exercise of which 61,698 Shares of Common Stock were issued at \$1.00 per share.

All expenses in connection with refunding the Bonds and the re-organization of the capital structure have been charged against surplus account.

Following the reduction in interest rates on senior securities, other economies and the simplification of the capital structure, an initial dividend of 50c per share, payable 12½c quarterly in 1945, was declared on the no par value Common Shares of your Company.

The net working capital position of the Company has been still further improved and now stands at \$1,518,895.00, after including in Current Liabilities the full dividend of 50c per share, amounting to \$73,641.50, declared on the Common Shares, payable quarterly in 1945 and the First Mortgage Serial Bonds of \$50,000.00 maturing in 1945.

The financial statements presented herewith are subject to substantial adjustments of various kinds on account of current and prior year transactions which will follow completion of negotiations proceeding or pending with the Department of National Revenue, the War Contracts Depreciation Board and the Department of Munitions and Supply. It is not expected that the net effect of these adjustments will be to reduce the amount of Earned Surplus as shown on the accompanying balance sheet.

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

Respectfully submitted,

JOHN W. HOBBS,
Chairman of the Board.

STATEMENT

of

INCOME AND EXPENDITURE

For the Year ended 31st December, 1944

Profit from operations, after charges of \$60,014.88 for remuneration of executive officers and salaried directors and solicitors' fees, and \$11,500.00 for directors' fees, and before providing for the under-noted charges\$572,127.19

DEDUCT:

Provision for depreciation\$ 87,000.00
Bond and debenture interest 108,101.75
Loss on sale of securities 1,197.87

196,299.62

Net profit from operations\$375,827.57

DEDUCT:

Provision for Dominion income and excess profits taxes 152,000.00

Net profit transferred to earned surplus\$223,827.57

Submitted with our accompanying report dated 25th April, 1945.

P. S. ROSS & SONS, Chartered Accountants.

TORONTO, Ont.

DOMINION WOOLLENS & WORSTEDS, LIMITED

**BALANCE
AS AT 31st**

ASSETS

CURRENT:

Cash on hand and in banks	\$ 77,399.16
Accounts receivable	376,276.89
Inventories of finished goods, goods in process, raw materials and supplies on hand and in transit, as determined and certified by the Management and valued at the lower of cost or market, less reserve for future decline in values in accordance with the Excess Profits Tax Act	1,138,314.29
Dominion of Canada bonds (market value \$400,000.00) at cost	400,000.00
	\$1,991,990.34

FIXED:

At depreciated replacement values in 1928, as certified by the Canadian Appraisal Company Limited, comprising land, buildings, houses, plant and equipment, less amounts written off plus subsequent additions at cost	\$3,852,656.59
Less: Reserve for depreciation	1,842,789.93
	2,009,866.66

Unexpired insurance and other deferred charges to operations	9,055.59
	\$4,010,912.59

DOMINION WOOLLENS & WORSTEDS, LIMITED, Toronto, Ontario.

We have examined the above Balance Sheet of Dominion Woollens & Worsteds, Limited as at 31st December, 1944, and the related Statements of Surplus and of Income and Expenditure for the year ended on that date. In connection therewith we made a general review of the accounting methods of the company and examined or tested accounting records and other supporting evidence to the extent that we deemed appropriate without making a detailed audit of the transactions. We 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 \$87,000.00 for the year ended 31st December, 1944.

Subject to the foregoing and to various uncertainties in the determination of its financial position as a result of wartime conditions as referred to in the Report of the Directors to the Shareholders dated 24th April, 1945, in our opinion the attached Balance Sheet and related Statements of Surplus and of Income and Expenditure are properly drawn up so as to exhibit a true and correct view of the affairs of the company at 31st December, 1944, and the result of its operations for the year ended on that date, 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.

TORONTO, ONT., 25th April, 1945.

DOMINION WOOLLENS & WORSTEDS, LIMITED

SHEET

DECEMBER, 1944

LIABILITIES

CURRENT:

Accounts and bills payable	\$ 130,772.60
Accrued wages and other accrued liabilities	21,454.70
Sales tax payable	1,853.79
Dividend payable on common stock	73,641.50
Bond and debenture interest accrued	42,380.00
First mortgage serial bonds maturing 1st February, 1945	50,000.00
Dominion Government — amount refundable on war contracts, estimated (after deduction of related income and excess profits taxes recoverable)	45,876.02
Dominion income and excess profits taxes, estimated, less instalments paid on account	107,116.24
	\$ 473,094.85

FUNDED DEBT:

First mortgage serial bonds:	
Authorized	\$2,000,000.00
Issued	700,000.00
Outstanding (less bonds maturing 1st February, 1945) 3%, 3½% and 4%, maturing 1946-1954	\$ 650,000.00
Redeemable sinking fund debentures 5%, maturing 1964:	
Authorized and issued	1,270,200.00
	1,920,200.00

RESERVE FOR BAD DEBTS

51,351.24

RESERVE FOR CONTINGENCIES

200,000.00

CAPITAL AND SURPLUS:

Common stock:

Authorized, 155,000 shares of no par value	
Issued and fully paid:	
Balance 1st January, 1944	85,585 shares \$855,850.00
Issued during year	61,698 shares 61,698.00

 Balance 31st December, 1944 147,283 shares \$ 917,548.00

 Earned surplus

448,718.50

1,366,268.50

\$4,010,912.59

NOTE: No amount has been set up in the Company's accounts and financial statements with respect to the Refundable Portion of the Dominion Excess Profits Tax.

Signed on behalf of the Board: {

HENRY BARRETT, *Director*.

J. A. GAIRDNER, *Director*.

DOMINION WOOLLENS & WORSTEDS, LIMITED

STATEMENT
of
SURPLUS ACCOUNTS

For the Year ended 31st December, 1944

EARNED SURPLUS:

Balance at credit, 1st January, 1944 \$ 320,507.02

ADD:

Operating profit for year ended
31st December, 1944, after
provision for Dominion in-
come and excess profits
taxes \$ 223,827.57

LESS: Dividend of 50c per
share declared on the
common stock payable
12½c quarterly on the
first day of February,
May, August and Nov-
ember, 1945 73,641.50 150,186.07

Balance at credit, 31st December, 1944 \$470,693.09

CAPITAL SURPLUS:

Balance at credit, 1st January, 1944 \$ 51,112.47

ADD:

Profit on redemption of company's own
bonds 17,334.44

\$ 68,446.91

DEDUCT:

Loss (after charging \$28,291.69
to depreciation reserve) on
land, buildings and equip-
ment sold or scrapped \$ 4,772.32

Discount on sale of serial
bonds 24,500.00

Expenses in connection with
the sale of serial bonds and
the issue to preferred
shareholders of debentures
and rights to subscribe for
common stock in exchange
for preferred stock 61,149.18 90,421.50

Balance at debit, 31st December, 1944, transferred to earned
surplus 21,974.59

Earned Surplus — balance at credit, 31st December, 1944 \$448,718.50

Submitted with our accompanying report dated 25th April, 1945.

P. S. ROSS & SONS, Chartered Accountants.

TORONTO, Ont.



