

DOMINION
WOOLLENS
—AND—
WORSTEDS
LIMITED



SEVENTH
ANNUAL REPORT
1935

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DOMINION WOOLLENS
AND WORSTEDS
LIMITED

SEVENTH ANNUAL REPORT
FOR YEAR ENDED JUNE 30TH,
1935

Presented to the Shareholders at the Annual
Meeting of the Company held
at Toronto on the
Twenty-sixth day of September,
1935



Executive Offices
TORONTO, ONTARIO

Mills at
Hespeler, Ontario
Peterborough, Ontario
Orillia, Ontario

Sales Offices:

80 King 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:

The Bank of Montreal

Auditors:

P. S. Ross & Sons
Chartered Accountants
Toronto

DOMINION WOOLLENS & WORSTEDS, LIMITED

Toronto, Ontario, September 13th, 1935.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

Your Directors submit herewith the Seventh Annual Report, covering the operations of the Company for the fiscal year ended June 30, 1935.

The Profit and Loss Statement reflects the result of the conditions we were passing through at the time of the last annual meeting, which were then referred to.

Values of shipments for the fiscal year have declined 12% from the previous year.

Wool prices, which were declining a year ago, did not reach the low point until March last. This decline was responsible for the lower prices for your Company's finished products and necessitated a drastic writing down of inventory by an amount of \$262,347.03. Except for these abnormal conditions, a gross operating profit would have been shown, notwithstanding the reduced activity of your Company's mills.

The inventory is \$336,954.85 lower than a year ago, and is taken on the basis of cost or replacement, whichever is lower.

The Balance Sheet gives effect to the reorganization of the capital structure authorized at the Special Meeting of Bondholders and Shareholders held on March 27 last, and the statement of Surplus Account shows the adjustments resulting therein.

Your Company is operating plants at Hespeler, Peterboro, and Orillia, and pays out in wages and salaries at these points almost \$1,000,000 annually, also the local municipal taxes, which are in excess of \$25,000, in addition to Dominion and Provincial taxes.

Rising wool prices since March have again stimulated buying, and sales are steadily improving.

The physical condition of your various plants has been fully maintained, and the cost of doing so charged against operations.

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 30th June, 1935

Loss from operations before providing for Depreciation and undernoted charges.....	\$224,007.08
ADD:	
Provision for Bad Debts.....	\$9,970.82
Amortization of water power leases.....	3,338.28
Directors' Fees.....	1,440.00
	<hr/>
	14,749.10
Net Loss for Year before Depreciation.....	<hr/> <u>\$238,756.18</u>

DOMINION WOOLLENS & WORSTEDS, LIMITED

**BALANCE
AS AT 30th**

AFTER GIVING EFFECT TO THE "SCHEME FOR REORGANIZATION"
MEETING HELD ON 27TH MARCH, 1935, DULY APPROVED BY THE
BONDHOLDERS AND CONFIRMED BY SUPPLEMENTARY LETTERS PATENT OF THE
DATE OF 4TH APRIL, 1935

ASSETS

CURRENT:

Cash on hand and in banks.....	\$	7,843.64	
Accounts Receivable.....		272,714.41	
Accounts Receivable—sale of property.....		4,500.00	
Inventories of Finished Goods, Goods in Process, Raw Materials (excluding purchases under contract for future delivery) and Supplies as determined and certified by the management and valued at the lower of cost or market..		957,840.52	
Unexpired Insurance and Prepaid Taxes.....		18,090.25	
		\$1,260,988.82	
Mortgages Receivable.....	\$	3,540.00	
Balances due under Agreements of Sale.....		4,672.44	
		8,212.44	

FIXED:

At depreciated replacement values in 1928 as certified by the Canadian Appraisal Co., Ltd., comprising Land, Build- ings, Houses, Plant and Equipment, Water Power Lease etc., with subsequent additions to date at cost.....	\$	4,509,658.30	
Less Depreciation and Property Reserves.....		1,507,202.22	
		3,002,456.08	
Deferred Charges to Operations.....		46,620.75	
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.....	\$	211,700.00	
Goodwill.....		1.00	
		211,701.00	
		\$4,529,979.09	

Toronto, Ont., 5th September, 1935.

DOMINION WOOLLENS & WORSTEDS, LIMITED, TORONTO.

We have examined the books and accounts of Dominion Woollens & Worsteds, Limited, for the year ended 30th June, 1935, and have received all the information and explanations which we have required.

No provision has been made for depreciation during the year under review.

The "Scheme for Reorganization" as approved at the meeting of bondholders held on 27th March, 1935, duly approved at a subsequent meeting of shareholders and confirmed by Supplementary Letters Patent of the Dominion of Canada under date of 4th April, 1935, has been given effect to as at 30th June, 1935, as shown by the attached Balance Sheet and Statement of Surplus.

Subject to the foregoing, we certify that, in our opinion, the attached 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 30th June, 1935, 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

SHEET
JUNE, 1935

GANIZATION" AS APPROVED BY BONDHOLDERS AT
ROVED AT A SUBSEQUENT MEETING OF SHARE-
LETTERS PATENT OF DOMINION OF CANADA UNDER
APRIL, 1935

LIABILITIES

CURRENT:

Bank Loan—Secured under Section No. 88 of the Bank Act and by Assignment of Book Debts.....	\$ 502,000.00
Accounts and Bills Payable.....	243,216.42
Bills Payable, secured.....	4,294.64
Dominion and Provincial Income and Sales Taxes.....	4,464.49
Accrued Wages and other Accrued Liabilities.....	46,610.00
	\$ 800,585.55

FIRST MORTGAGE SINKING FUND 6% (INCOME UNTIL 1ST JULY,
1937) 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, Parti- cipating.	
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
Capital Surplus, after deduction of net operating deficits to 30th June, 1935.....	519,625.77
	2,645,675.77
	\$4,529,979.09

*Including provision for exchange with all holders of "First Mortgage 6% Twenty Year Sinking Fund Gold Bonds due 1948" in accordance with "Scheme for Reorganization".

Approved on behalf of the Board: { A. O. DAWSON, *Director*.
HENRY BARRETT, *Director*.

STATEMENT OF SURPLUS

Year Ended 30th June, 1935

CAPITAL SURPLUS:

Balance at Credit of Surplus as established by Schedule "A" at 30th June, 1933.....	\$627,519.89
Add:	
Reversal of accrued Bond Interest cancelled through "Scheme for Reorganization".....	137,605.00
Adjusted Balance at Credit, 30th June, 1933.....	\$765,124.89

EARNED SURPLUS:

Balance at Debit, 30th June, 1934	\$ 1,326.80
Add:	
Additional provision for depreciation for year ended 30th June, 1934.....	110,512.93
Provision for Dominion and Provincial Income Taxes for year ended 30th June, 1934.....	2,700.00
	\$114,539.73
Less:	
Reversal of accrued Bond Interest for year ended 30th June, 1934, cancelled through "Scheme for Reorganization".	\$127,020.00
Adjusted Balance at Credit, 30th June, 1934	12,480.27
Deduct:	
Operating Loss for year ended 30th June, 1935, before depreciation.....	\$238,756.18
Reorganization Expenses—Legal.....	6,000.00
Reorganization Expenses—Other.....	13,223.21
	257,979.39
Balance at Debit, 30th June, 1935	245,499.12
Capital Surplus after deducting net operating deficits to 30th June, 1935....	\$519,625.77

