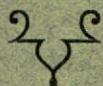


DOMINION
WOOLLENS
—AND—
WORSTEDS
LIMITED



THIRD
ANNUAL REPORT
1931

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DOMINION WOOLLENS
AND WORSTEDS
LIMITED

THIRD ANNUAL REPORT
FOR YEAR ENDED JUNE 30TH,
1931

Presented to the Shareholders at the Annual
Meeting of the Company held
at Toronto on the
Thirtieth day of September,
1931



Executive Offices
TORONTO, ONTARIO

Mills at
Hespeler, Ontario
Peterborough, Ontario
Milton, Ontario
Orillia, Ontario

Sales Offices:

159 Bay Street,
Toronto, Ont.

Confederation Building and
Mayor Building, Montreal, Que.

BOARD OF DIRECTORS

President:

A. O. Dawson

Vice-President:

W. K. Trower

Wm. Hanson
C. M. Heddle

G. D. Perry
W. A. MacKenzie

Managing-Director:

Henry Barrett

Secretary-Treasurer:

C. E. Whitten

Stock Transfer Agents:

National Trust Company, Limited
Toronto and Montreal

Registrar of Transfers:

Royal Trust Company, Limited
Toronto and Montreal

Bankers:

The Bank of Montreal

Auditors:

P. S. Ross & Sons
Chartered Accountants
Montreal, Que.

DOMINION WOOLLENS & WORSTEDS, LIMITED

Toronto, Ontario, September 30th, 1931.

DIRECTOR'S REPORT

Your Directors beg to submit to the Shareholders their Third Annual Report of the operations of the Company for the fiscal year ended June 30th, 1931.

Unfortunately world business conditions, instead of showing an improvement as expected, grew steadily worse during the period under review and therefore it is not surprising that further losses have to be recorded by your Company.

The statement herewith reveals the following outstanding facts:—

Sales for the year are down approximately 30% in value compared with last year due mainly to lower prices and to the reduced demand for yarns and knitted goods.

The actual results for the year show a profit of \$112,276.72 after providing for Administration, Bank Interest, all operating expenses and repairs and renewals.

Bond Interest to the amount of \$130,455 was paid during the year, being \$18,178.28 in excess of the profit of \$112,276.72 above shown, to which must be added the following items:

The loss occasioned by the writing down of inventories of raw materials, goods in process and finished goods, to to-day's values, amounting to \$301,146.97, is the result of a decline in the basic value of wool and tops, such as your Company uses, of about 30% since June 30th, 1930.

The loss your Company sustained through obsolescence of lines of materials and merchandise inventoried at cost on June 30th, 1930, that have since gone out of fashion or have suffered depreciation from various other causes, amounted to \$190,525.57.

Bad Debts during the year, due to the failure of customers, resulted in a loss of \$68,000.00.

Fortunately, there is a bright side to the picture.

Inventories at June 30th, 1931, were \$535,846.48 less than at June 30th, 1930, and the Management believes that these inventories can be turned over at a reasonable profit during the current year.

Administration, general and selling expenses have been drastically reduced and in consequence substantial savings will be effected in the year 1931-2.

Even after the drastic write down in inventories, it will be noticed that the Current Assets as compared with Current Liabilities show a ratio of approximately 2 to 1 and the Net Current Assets are equivalent to almost 50% of the Fixed Liabilities.

Of the original issue of \$2,250,000 First Mortgage 6% Gold Bonds of the Company, \$93,000 have been purchased and cancelled by the operation of the Sinking Fund, the amount outstanding being \$2,157,000.

The Government is carefully studying the value at which foreign goods are being entered for duty purposes, and it is expected that the Dumping Clause of the Tariff will shortly be put in operation on many lines in which your Company is interested. This enforcement of the Dumping Law should be distinctly to the advantage of many of the Canadian Industries.

With the appointment of Mr. H. Barrett, formerly General Manager of Penman's Limited, as Managing-Director, together with the economies now in effect and the expectation of improved business conditions, it is reasonable to expect that the future operations of your Company will show a substantial improvement.

Mr. Barrett and his Executive, after having made a careful study of existing conditions, have submitted a budget based on sales expectations for the coming year, which shows that after providing for Bond Interest and all other charges, including depreciation, some profit will be available for the Preferred Shares.

The Capital Account of the Company has been increased by the sum of \$63,055.26. This expenditure together with the amount spent in repairs and renewals and absorbed in the working accounts, has kept your property up to a high state of efficiency. The equipment appears adequate to take care of the extra business which it is hoped will be forthcoming during the year.

The earnings of the Company, in the opinion of your Directors, do not justify any increase in the depreciation Reserve for the period under review.

It is with the deepest regret that we record the death of Mr. I. Bonner, one of our former highly valued Board Members.

The books and accounts of the Company have been duly audited, and the Auditors' Report is submitted herewith.

Respectfully yours,

A. O. DAWSON, *President.*

DOMINION WOOLLENS & WORSTEDS, LIMITED

BALANCE SHEET

As at 30th June, 1931

ASSETS

CURRENT:

Cash on hand and in banks.....	\$	17,251.10	
Accounts Receivable—Trade.....		355,684.94	
Sundry Accounts Receivable.....		1,250.89	
Inventories of Raw Materials, Goods in Process, Finished Goods and Supplies.....		1,399,742.27	
Insurance Deposits.....		28,734.60	
Prepaid Taxes, Insurance, etc.....		15,261.80	
			\$1,817,925.60

Mortgages Receivable..... 7,602.50

Balances due under Agreements of Sale—
Re Houses..... 15,534.65

23,137.15

FIXED:

At depreciated replacement values as certified by
the Canadian Appraisal Co., Ltd., comprising
Land, Buildings, Houses, Plant and Equipment,
Water Power Lease, etc., with subsequent addi-
tions to date at cost..... 4,453,742.27

Goodwill..... 1.00

\$6,294,806.02

TO THE SHAREHOLDERS,

DOMINION WOOLLENS & WORSTEDS, LIMITED, TORONTO.

We have examined the books and accounts of the Dominion Woollens & Worsted, Limited for the year ended 30th June, 1931 and have received all the information and explanations which we have required.

No provision for Depreciation has been made for the period under review.

Subject to the foregoing we certify that, in our opinion, the attached Balance Sheet and relative Operating Statement exhibit a true and correct position of the financial affairs of the Company as at 30th June, 1931, according to the information and explanations given to us, and as shown by the books of the Company examined by us.

P. S. ROSS & SONS,

Chartered Accountants.

DOMINION WOOLLENS & WORSTEDS, LIMITED

SHEET

June, 1931

LIABILITIES

CURRENT:

Bank Loan—Secured under Section # 88.....	\$609,000.00	
Accounts and Bills Payable.....	219,013.33	
Accrued Bond Interest.....	10,785.00	
Accrued Liabilities.....	65,991.32	\$904,789.65
<hr/>		
First Mortgage 6% Twenty Year Sinking Fund, Gold Bonds due 1948—		
Authorized.....	\$5,000,000.00	
Issued—Series "A".....	2,250,000.00	
Less: Amount Redeemed.....	93,000.00	2,157,000.00
<hr/>		
Reserves For:		
Bad Debts.....	25,217.77	
Depreciation.....	185,741.25	
Premium on Bond Redemption...	25,007.31	235,966.33

CAPITAL AND SURPLUS:

6% Redeemable Cumulative Preferred Shares: (Redeemable upon 60 days' notice).		
Authorized 40,000 Shares of \$100.00 Par Value \$4,000,000.00		
Issued 15,000 Shares of \$100.00 Par Value.....	1,500,000.00	
No Par Value Common Shares:		
Authorized 200,000 Shares.....		
Issued 60,000 Shares.....	600,000.00	
Surplus at acquisition... 1,641,871.82		
Operating Deficit:		
To the 30th June, 1930 \$166,970.96		
For year ended 30th June, 1931 before Depreciation 577,850.82	744,821.78	897,050.04
	<hr/>	<hr/>
		2,997,050.04
		\$6,294,806.02

(Preferred Dividends in arrears from date of issue, June, 1928.)

Approved on behalf of the Board:

{ A. O. DAWSON, *Director.*
 W. K. TROWER, *Director.*

CONDENSED STATEMENT
of
PROFIT AND LOSS ACCOUNT

For Year Ended 30th June, 1931

Net Profits from operations before provision for Bond Interest, Bad Debts, Depreciation and Inventory Loss		\$112,276.72
DEDUCT:		
Bond Interest	\$130,455.00	
Provision for Bad Debts	68,000.00	
	<hr/>	198,455.00
		<hr/>
		\$86,178.28
Inventory adjustment due to Depreciation in values during the year		491,672.54
		<hr/>
Net Deficit for Year		<u><u>\$577,850.82</u></u>

