

DOMINION
WOOLLENS
&
WORSTEDS
LIMITED



FOURTEENTH
ANNUAL REPORT
1942

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**DOMINION WOOLLENS
& WORSTEDS,
LIMITED**

FOURTEENTH ANNUAL REPORT

FOR YEAR ENDED
DECEMBER 31st, 1942

Presented to the Shareholders at the Annual
Meeting of the Company held
at Toronto on the
Twentieth day of May,
1943



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 and Managing Director:

Henry Barrett

Vice-President:

J. A. Gairdner

C. M. Heddle

Major W. G. Hanson, M.C.

(On Active Service Overseas)

F. C. Cockburn

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, May 3, 1943

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Fourteenth Annual Report covering the year ended December 31, 1942, embracing the most active period in the Company's history is presented herewith.

The productive facilities of your Company were taxed to capacity to meet urgent demands of the Government for war services, resulting in the largest volume of sales in the history of your Company.

All operating expenses including maintenance, administration and selling expenses have been provided for in the usual manner.

Provision has been made for Dominion Income and Excess Profits Taxes in an amount considered adequate, although the taxes in respect of the years subsequent to 1939 have not been finally determined.

Inventories of raw materials and of goods in process for the year under review were maintained at a high level to insure continuity of production of your Company's plants necessitated by war conditions.

The inventory reserve set up as at December 31, 1940, has again been carried forward to provide for future decline in values, in accordance with the Excess Profits Tax Act.

An appropriation of surplus has been made in the amount of \$200,000.00 to create a reserve for contingencies having regard to post-war decline of inventory values and other requirements of a similar nature.

After provision for depreciation and making allowance for taxes above referred to, the net profit for the year was \$163,110.30.

Expenditures on capital improvements amounted to \$137,286.49.

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

Respectfully submitted,

J. W. HOBBS,
Chairman of the Board.

STATEMENT

of

INCOME AND EXPENDITURE

For the year ended 31st December, 1942

Profit from Operations, after charges of \$54,767.81
for Remuneration of Executive Officers and
Salaried Directors and Solicitors' Fees, and
\$11,838.35 for Directors' Fees, and before provid-
ing for the under-noted charges \$1,424,856.18

DEDUCT:

| | | |
|----------------------------------|--------------|------------|
| Provision for Depreciation | \$250,000.00 | |
| Bond Interest | 57,999.00 | |
| Loss on Sale of Securities | 1,746.88 | 309,745.88 |

Net Profit from Operations \$1,115,110.30

DEDUCT:

| | | |
|---|------------|--|
| Provision for Dominion Income and Excess Profits Taxes (without deduction for Refundable Portion of Excess Profits Tax) | 952,000.00 | |
|---|------------|--|

Net Profit transferred to Earned Surplus \$ 163,110.30

DOMINION WOOLLENS & WORSTEDS, LIMITED

BALANCE
AS AT 31st

ASSETS

CURRENT:

| | | |
|--|----|----------------|
| Cash on Hand and in Banks | \$ | 92,237.28 |
| Accounts Receivable | | 532,376.05 |
| 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 | | 1,893,678.17 |
| Dominion of Canada Bonds (market value \$99,600.00) at Cost | | 100,000.00 |
| | | \$2,618,291.50 |
| Investment in Company's own Bonds, Par Value \$164,050.00, at Cost | | 141,568.69 |

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 | | 3,788,484.26 |
| Less: Reserve for Depreciation | | 1,663,228.14 |
| | | 2,125,256.12 |
| Unexpired Insurance and other Deferred Charges to Operations | | 22,008.01 |
| | | \$4,907,124.32 |

Toronto, Ont., 4th May, 1943.

DOMINION WOOLLENS & WORSTEDS, LIMITED, Toronto, Ontario.

We have conducted a balance sheet audit of the accounts of Dominion Woollens & Worsted, Limited, as at 31st December, 1942, 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 \$250,000.00 for the year ended 31st December, 1942.

Subject to the foregoing, in our opinion the above Balance Sheet, when read in conjunction with the report of the directors to the shareholders, dated 3rd May, 1943, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 1942, 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
DECEMBER, 1942

LIABILITIES

Working Capital \$ 1318,862
Increase over 1941 \$ 206,235

CURRENT:

| | | |
|---|----------------|--|
| Accounts and Bills Payable | \$ 197,734.71 | |
| Accrued Wages and Other Accrued Liabilities | 27,523.09 | |
| Sales Tax Payable | 2,097.84 | |
| Dividend Payable on Preferred Stock, 2nd January, 1943 | 38,106.00 | |
| Bond Interest Payable, 2nd January, 1943 | 28,407.00 | |
| Dominion Government — Amount refundable pursuant to terms of Ceiling Price Contracts .. | 427,163.34 | |
| Dominion Income and Excess Profits Taxes, estimated, less instalments paid on account | 578,396.55 | |
| | \$1,299,428.53 | |

FIRST MORTGAGE SINKING FUND 6% BONDS, DUE 1953:

| | | |
|--|----------------|--|
| Authorized and Issued | \$1,058,500.00 | |
| Less: Redeemed under terms of Trust Deed | 111,600.00 | |
| | 946,900.00 | |

| | |
|---------------------------------|------------|
| Reserve for Bad Debts | 51,351.24 |
| Reserve for Contingencies | 200,000.00 |

CAPITAL AND SURPLUS:

| | |
|---|----------------|
| Preferred Stock, 6% Non-Cumu- lative, 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 | \$ 64,192.68 | |
| Earned Surplus | 219,201.87 | |
| | 283,394.55 | |
| | 2,409,444.55 | |
| | \$4,907,124.32 | |

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.

STATEMENT
of
SURPLUS ACCOUNTS

For the year ended 31st December, 1942

CAPITAL SURPLUS:

Balance at Credit, 1st January, 1942 \$ 57,513.85

ADD:

| | |
|--|--------------|
| Profit on Redemption of Company's own Bonds | 6,699.20 |
| | \$ 64,213.05 |

DEDUCT:

| | |
|--|--------------|
| Loss (after charging \$4,825.70 to Depreci- ation Reserve) on Buildings and Equip- ment Sold or Scrapped | 20.37 |
| | \$ 64,192.68 |

EARNED SURPLUS:

Balance at Credit, 1st January, 1942 \$ 294,197.57

ADD:

| | |
|---|-------------------------|
| Operating Profit for year ended 31st December, 1942, after Provision for Dominion In- come and Excess Profits Taxes | \$ 163,110.30 |
| LESS: Dividend at 3% de- clared on Preferred Stock, payable 2nd January, 1943, to Share- holders of Record 15th December, 1942 | 38,106.00 125,004.30 |
| | \$ 419,201.87 |

DEDUCT:

| | |
|--|---------------|
| Amount transferred to Reserve for Con- tingencies | 200,000.00 |
| | 219,201.87 |
| Balance at Credit, 31st December, 1942 | 219,201.87 |
| Total Surplus, 31st December, 1942 | \$ 283,394.55 |

