

**DOMINION  
WOOLLENS  
&  
WORSTEDS  
LIMITED**



**SIXTEENTH  
ANNUAL REPORT  
1944**

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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

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*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

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*General Manager:*

H. B. Bonner

*Secretary-Treasurer and Controller:*

F. C. Cockburn

*Assistant Secretary-Treasurer:*

S. W. Haufschild

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*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

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DOMINION WOOLLENS & WORSTEDS, LIMITED

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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

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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	
		<u>196,299.62</u>

Net profit from operations .....\$375,827.57

DEDUCT:

Provision for Dominion income and excess profits taxes .....	152,000.00	
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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**

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**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
	<b>\$1,991,990.34</b>

**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
	<b>2,009,866.66</b>

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

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

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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

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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.



