

DOMINION
WOOLLENS
&
WORSTEDS
LIMITED



SEVENTEENTH
ANNUAL REPORT
1945

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DOMINION WOOLLENS
& WORSTEDS,
LIMITED

SEVENTEENTH ANNUAL REPORT

FOR YEAR ENDED
31st DECEMBER, 1945

Presented to the Shareholders at the Annual
Meeting of the Company held
at Toronto on the
Thirteenth day of June,
1946



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

H. B. Bonner

C. M. Heddle

G. D. Perry

General Manager:

H. B. Bonner

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 27, 1946.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Seventeenth Annual Report for the year ended December 31, 1945, is presented herewith.

The total volume of production was approximately the same as for the year 1944 and was forty percent for the armed services and sixty percent for the civilian trade. The shortage of labour continued throughout the year under review.

Inventories show a substantial increase over the previous year-end, due to the necessity of now providing the raw materials for our entire production, whereas during recent years the raw materials used for the production of war goods were carried by a government company. They are carried at the lower of cost or market, less reserve set up in accordance with the Excess Profits Tax Act.

Provision has been made in the attached statements for the amount of refunds established on our ceiling price war contracts but the Department of Reconstruction and Supply is presently reviewing the results of our operations for the years 1940 to 1944 leading to possible renegotiation of war business on an overall basis. No specific provision has been made for the contingency arising from this proceeding.

The increased amounts shown in the Balance Sheet for Fixed Assets and Reserve for Depreciation reflect the capitalization of major repairs and replacements (incurred during the war years in connection with the production of goods for the armed services) which have been disallowed as charges to operations, and the additional depreciation relative to the same, including special allowances as determined by the War Contracts Depreciation Board.

The provision for Dominion Income and Excess Profits Taxes is considered adequate although the taxes in respect of 1940 and subsequent years have not been finally determined.

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, 1945

Profit from operations, after charges of \$61,796.56 for remuneration of executive officers and salaried directors and solicitors' fees, and \$11,499.96 for directors' fees, and before providing for the under-noted charges\$526,885.58

DEDUCT:

Provision for depreciation\$74,201.60
Bond and debenture interest 86,259.98

160,461.58

Net profit from operations\$366,424.00

DEDUCT:

Provision for Dominion income and excess profits taxes 147,000.00

Net profit transferred to earned surplus\$219,424.00

Submitted with our accompanying Report dated 9th May, 1946.

P. S. ROSS & SONS, Chartered Accountants.

TORONTO, Ont.

DOMINION WOOLLENS & WORSTEDS, LIMITED

**BALANCE
AS AT 31st**

ASSETS

CURRENT:

Cash on hand and in banks	\$	8,349.57
Accounts receivable		347,890.86
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		2,017,777.28
Dominion of Canada bonds (market value \$200,200.00) at cost		200,000.00
		<u>\$2,574,017.71</u>

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	\$4,341,424.97	
Less: Reserve for depreciation	2,250,116.98	
		<u>2,091,307.99</u>
Unexpired insurance and other deferred charges to operations		17,815.69
		<u>\$4,683,141.39</u>

DOMINION WOOLLENS & WORSTEDS, LIMITED, Toronto, Ontario.

We have examined the above Balance Sheet of Dominion Woollens & Worstedes, Limited, as at 31st December, 1945, and the related Statements of Earned 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 of the information and explanations we have required.

The Board of Directors by resolution has approved the adjustment of prior year depreciation provisions as reflected in the Statement of Earned Surplus and has made provision for depreciation in the amount of \$74,201.60 for the year ended 31st December, 1945.

No specific provision has been made for the net liability which may arise from overall renegotiation of war contracts.

Subject to the foregoing, in our opinion the above Balance Sheet and related Statements of Earned 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 as at 31st December, 1945, and the result of its operations for the year ended on that date, according to the best of our information and explanations given to us and as shown by the books of the company.

P. S. ROSS & SONS, Chartered Accountants.

TORONTO, ONT., 9th May, 1946.

DOMINION WOOLLENS & WORSTEDS, LIMITED

SHEET

DECEMBER, 1945

LIABILITIES

CURRENT:

Bank loans — secured	\$	396,000.00
Accounts and bills payable and accrued liabilities		211,371.38
Dividend payable		18,410.38
Bond and debenture interest accrued		40,379.98
First mortgage serial bonds maturing 1st February, 1946		50,000.00
Dominion Government — amount refundable on war contracts, estimated (after deduction of related and other prior year income and excess profits taxes recoverable)		64,337.02
Dominion income and excess profits taxes, estimated, less instalments paid on account		72,990.00
	\$	853,488.76

FUNDED DEBT:

First mortgage serial bonds:		
Authorized	\$2,000,000.00	
Issued	700,000.00	
Outstanding (less bonds maturing 1st February, 1946) 3%, 3½% and 4%, maturing 1947-1954	\$	600,000.00
Redeemable sinking fund debentures 5%, maturing 1964:		
Authorized and issued	\$1,270,200.00	
Less: Redeemed under terms of Trust Deed	55,000.00	
	1,215,200.00	
		1,815,200.00
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.....147,283 shares, fully paid	\$	917,548.00
Earned surplus		845,553.39
		1,763,101.39
		\$4,683,141.39

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, <i>Director.</i>
		J. A. GAIRDNER, <i>Director.</i>

DOMINION WOOLLENS & WORSTEDS, LIMITED

**STATEMENT
of
EARNED SURPLUS**

For the Year ended 31st December, 1945

Balance at credit, 1st January, 1945		\$448,718.50
Prior year adjustments:		
ADD:		
Reduction of provision for income and excess profits taxes	\$ 359,279.18	
Reduction of inventory reserve under Excess Profits Tax Act	148,083.00	
Capitalization of major repairs and re- placements incurred for war contracts, disallowed as charges to operations	607,943.93	
	<u>\$1,115,306.11</u>	
DEDUCT:		
Loss on buildings and equip- ment replaced	\$134,790.05	
Provision for refunds relating to ceiling price war con- tracts	400,936.31	
Additional depreciation, in- cluding special	377,194.14	912,920.50
		<u>202,385.61</u>
Adjusted balance at credit, 1st January, 1945		\$651,104.11
Operating profit for year ended 31st December, 1945, after provision for Dominion income and excess profits taxes		
	\$ 219,424.00	
Profit on redemption of company's own debentures and on sale of securities and sundry adjustments	2,667.96	222,091.96
		<u>\$873,196.07</u>
DEDUCT:		
Loss (after charging \$8,771.83 to depreciation reserve) on land, buildings and equipment sold or scrapped in 1945	\$ 9,232.30	
Dividend declared (payable 1st February, 1946)	18,410.38	27,642.68
		<u>\$845,553.39</u>
Balance at credit, 31st December, 1945		<u>\$845,553.39</u>

Submitted with our accompanying Report dated 9th May, 1946.

P. S. ROSS & SONS, Chartered Accountants.

TORONTO, Ont.

