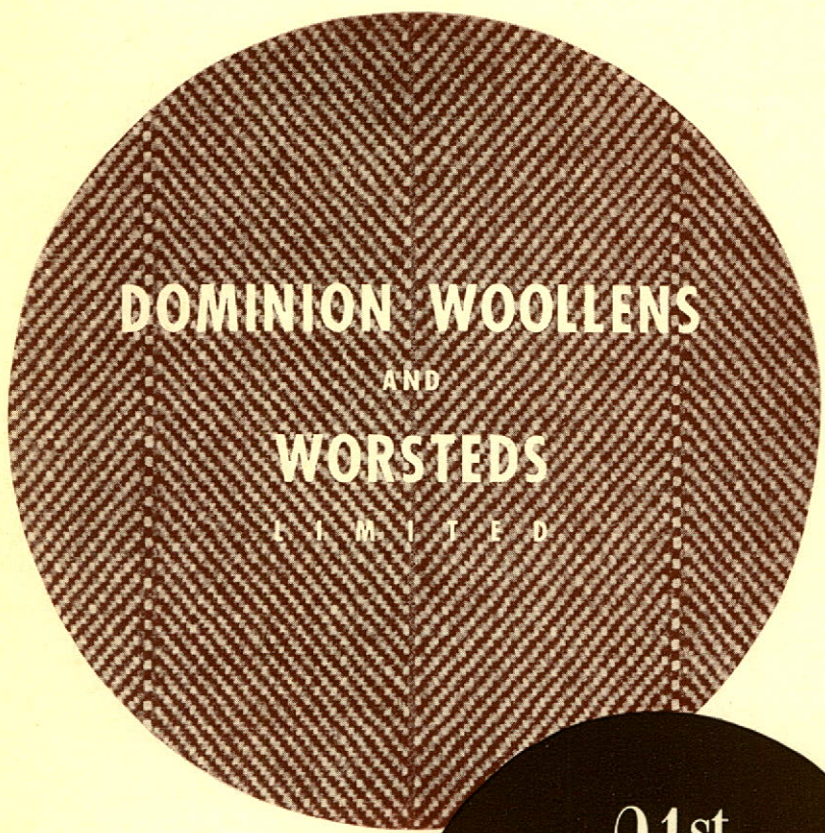
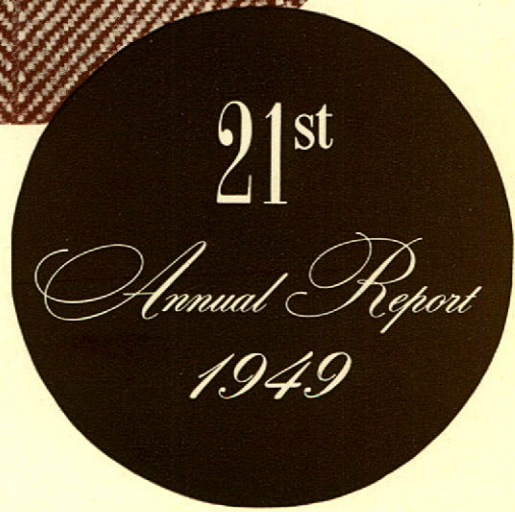


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DOMINION WOOLLENS  
AND  
WORSTEDS  
LIMITED



21<sup>st</sup>

*Annual Report*

1949

PURVIS HALL  
LIBRARIES  
MAY 5 1950  
MCGILL UNIVERSITY

Bouquet  
WOOLS

*Worsted  
Yarns*



*Distinctive  
Suitings*

*by  
Dominion Woollens*

# DOMINION WOOLLENS & WORSTEDS, LIMITED

TWENTY-FIRST ANNUAL REPORT

FOR THE YEAR ENDED

31st DECEMBER, 1949

Presented to the Shareholders at the Annual  
Meeting of the Company held  
at Toronto on the  
Eighteenth Day of May  
1950

## Executive Offices

80 Richmond Street West  
Toronto, Ontario

## Mills at

Hespeler, Ontario  
Peterborough, Ontario  
Orillia, Ontario

## Sales Offices

80 Richmond Street West  
PURVIS HALL  
LIBRARY Toronto, Ont.

MAY 5 1950

McGILL UNIVERSITY

1130 Ste. Catherine St. West  
Montreal, Que.

# DOMINION WOOLLENS & WORSTEDS, LIMITED

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## BOARD OF DIRECTORS

JOHN W. HOBBS      HENRY BARRETT      J. A. GAIRDNER  
H. B. BONNER      C. M. HEDDLE      HENRY BROWN      DR. T. H. HOGG

## OFFICERS

Chairman of the Board.....JOHN W. HOBBS  
President.....HENRY BARRETT  
Vice-President.....J. A. GAIRDNER  
General Manager.....H. B. BONNER  
Secretary-Treasurer.....S. W. HAUFSCILD

### Stock Transfer Agents:

NATIONAL TRUST COMPANY, LIMITED  
Toronto

### Registrar of Transfers:

ROYAL TRUST COMPANY, LIMITED  
Toronto

### Bankers:

IMPERIAL BANK OF CANADA

### Auditors:

MESSRS. P. S. ROSS & SONS  
Chartered Accountants  
Toronto

# DOMINION WOOLLENS & WORSTEDS, LIMITED

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## DIRECTORS' REPORT

Your Board of Directors, in presenting its Annual Report on the operations of the Company for the year ended December 31st, 1949, comment as follows.

The course of business in 1949 was dominated by wool prices. There were three major price movements. Prices were high and firm in the first quarter. An abrupt drop in early April reduced prices to a level which held with minor fluctuations to the time of devaluation at the end of the third quarter. Devaluation brought about another and more severe drop to the lowest level of the year. The last quarter saw a steady uninterrupted rise in prices from this low point to the year end.

Stocks of cloth of the usual conservative merchandise from which the greater part of clothing is made were heavy, and in view of the wide fluctuations in wool prices, an effort was made by our customers to reduce inventories to the lowest possible level. New purchases were confined to style merchandise sold in smaller volume.

Under these circumstances, new lines had to be styled and new markets found for them, all of which added considerably to the cost of operation. Substantial reductions in price had to be made throughout the year in keeping with fluctuations in the raw wool market, and to meet the competition of imported cloths, the landed cost of which was substantially reduced due to the devaluation of the pound sterling.

Sales and production suffered as a result of these conditions, being 14% lower than the previous year.

It has been necessary to draw heavily on the inventory reserve to cover the losses suffered during the year. A substantial amount, however, still remains which should be adequate to cover future conditions, as a repetition of the combination of the very abnormal conditions met with in the year under review is unlikely.

# DOMINION WOOLLENS & WORSTEDS, LIMITED

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The reserve for future decline in inventory values shown in the Company's 1948 Report was on an income tax paid basis. Consequently, the utilization of a portion of same during the current year to take care of losses results in an adjustment of income taxes paid in respect of the year 1948 and the amount of tax so recoverable is reflected in the Statement of Income and Expenditure.

Income and Excess Profits taxes for the years 1946 to 1948 inclusive have been determined by the Income Tax Department and the provisions that had been made for those years have been adequate.

Your Company's plants have been well maintained. Expenditures on plant and equipment for the year amounted to \$180,000. Depreciation to the extent of \$80,000. has been provided.

During the year four quarterly dividends have been paid, amounting to an annual rate of \$1.00 per share.

Current volume of business is reasonably satisfactory but the margin of profit is *subnormal*. The quality of our product is second to none and every possible economy is being effected that does not prejudice our capacity to produce in volume.

The Directors are pleased to report that relations with employees are cordial and co-operative, for which we wish again to record our appreciation.

Submitted on behalf of the Board.

JOHN W. HOBBS,  
Chairman.

Toronto, Ontario, May 1, 1950.

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31st DECEMBER, 1949

Balance of income account for the year after charges of \$41,100 for remuneration of executive officers and salaried directors and solicitors' fees, and \$7,500 for directors' fees and after transfer from inventory reserve and credit of income tax rebates (see footnote) and before providing for the undernoted charges.....		\$322,595
<i>Deduct:</i>		
Provision for depreciation.....	\$80,000	
Bond and debenture interest.....	73,327	153,327
Balance transferred to Earned Surplus.....		<u>\$169,268</u>

NOTE: The balance of income account for the year, above referred to, has been determined after transferring an amount of \$540,000 from the "Reserve for Future Decline in Inventory Values" (on which income taxes have been paid), previously established in the amount of \$1,110,000, in order to offset trading and inventory losses arising through the devaluation of Canadian and British currencies in September 1949. Credit has likewise been taken, in arriving at the balance of income account, for the recovery of \$155,879 of income taxes paid in respect of the year 1948.

# DOMINION WOOLLENS

BALANCE SHEET as at

ASSETS		
CURRENT:		
Cash on hand and in banks .....	\$ 41,986	
Accounts receivable, less reserve of \$51,000 .....	685,486	
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 .....	4,087,215	
Income taxes recoverable .....	174,917	
Unexpired insurance premiums and other deferred expenses .....	30,463	\$5,020,067
<hr/>		
MORTGAGES AND SECURED LOANS RECEIVABLE FROM EMPLOYEES .....		41,728
INVESTMENT IN AND ADVANCES TO SUBSIDIARY COMPANY:		
Woodsdale Properties Limited:		
Shares, at cost, and advances less losses incurred to date .....		8,898
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 .....	\$4,905,873	
<i>Less:</i> Reserve for depreciation .....	2,662,344	2,243,529
		<hr/>
		<u>\$7,314,222</u>

Dominion Woollens & Worsteds, Limited,  
Toronto, Ontario.

We have examined the above Balance Sheet of Dominion Woollens & Worsteds, Limited, as at 31st December, 1949, 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.

In accordance with Section 114 of the Dominion Companies Act we report that the accumulated losses incurred by the subsidiary company have been reflected in reductions of the book value of the holding company's investment in shares of and advances to the subsidiary, such reductions being charged to the holding company's surplus account.

In our opinion the attached Balance Sheet and related Statements of Earned Surplus and of Income and Expenditure, when read in conjunction with the note appended to the last named statement, are properly drawn up so as to exhibit a true and correct view of the affairs of the company as at 31st December, 1949, 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., 15th April, 1950.



# & WORSTEDS, LIMITED

31st DECEMBER, 1949

## LIABILITIES

### CURRENT:

Bank loan—secured .....	\$2,164,000	
Bills payable under bank letters of credit—secured .....	587,515	
Accounts payable and accrued liabilities .....	408,712	
Dividend payable .....	36,778	
Bond and debenture interest accrued .....	34,822	
First mortgage serial bonds maturing 1st February, 1950 .....	50,000	\$3,281,827

RESERVE FOR FUTURE DECLINE IN INVENTORY VALUES .....		570,000
(on which income taxes have been paid) .....		

### FUNDED DEBT:

First mortgage serial bonds:			
Authorized —\$2,000,000			
Issued — 700,000			
Outstanding (less bonds maturing 1st February, 1950) 3½% and 4%, maturing 1951-54 .....	\$ 400,000		
Redeemable sinking fund debentures 5% maturing 1964:			
Authorized and issued .....	\$1,270,200		
Less: Redeemed under terms of Trust Deed .....	169,000	1,101,200	1,501,200

### CAPITAL AND SURPLUS:

Common Stock:			
Authorized—155,000 shares of no par value			
Issued —147,283 shares fully paid .....	\$ 917,548		
Earned surplus, per statement attached .....	1,043,647		1,961,195
			<u>\$7,314,222</u>

### CONTINGENT LIABILITY

Mortgages guaranteed in connection with houses built by subsidiary, Woodsdale Properties Limited, \$40,200.

Signed on behalf of the Board:	{ Henry Barrett	Director
	{ J. A. Gairdner	Director

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF EARNED SURPLUS

For the year ended 31st DECEMBER, 1949

BALANCE AT CREDIT, 1ST JANUARY, 1949.....		\$1,039,518
<i>Add:</i>		
Transferred from Statement of Income and Expenditure.....	\$169,268	
Miscellaneous adjustments (net).....	994	170,262
		<u>\$1,209,780</u>
<i>Deduct:</i>		
Losses incurred in 1949 by subsidiary— Woodsdale Properties Limited.....		19,025
		<u>\$1,190,755</u>
<i>Deduct:</i>		
Dividends declared.....		147,108
BALANCE AT CREDIT, 31ST DECEMBER, 1949.....		<u><u>\$1,043,647</u></u>

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF SOURCE AND USE OF FUNDS

For the year ended 31st DECEMBER, 1949

### SOURCE OF FUNDS:

	1948	1949		
Current Assets .....	\$5,275,723	\$5,020,067	decrease	\$255,656
Current Liabilities .....	2,904,217	3,281,827	increase	377,610
Decrease in working capital .....				\$633,266
Decrease in other Assets .....				59,524
				\$692,790

### HOW FUNDS WERE USED:

The following statement shows how the amount of \$692,790 was utilized.

	1948	1949		
Land, buildings and equipment (net) .....	\$4,761,091	\$4,905,873	increase	\$144,782
Reduction in Bonds .....	450,000	400,000		50,000
Reduction in Debentures .....	1,124,100	1,101,200		22,900
Dividends paid to Shareholders .....				147,108
Sundry Charges to Surplus Account .....				18,031
Operating expenditures over income before transfer from inventory reserve account .....				309,969
				\$692,790

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## DISTRIBUTION OF SALES INCOME—BY AMOUNTS AND PORTION OF EACH SALES DOLLAR

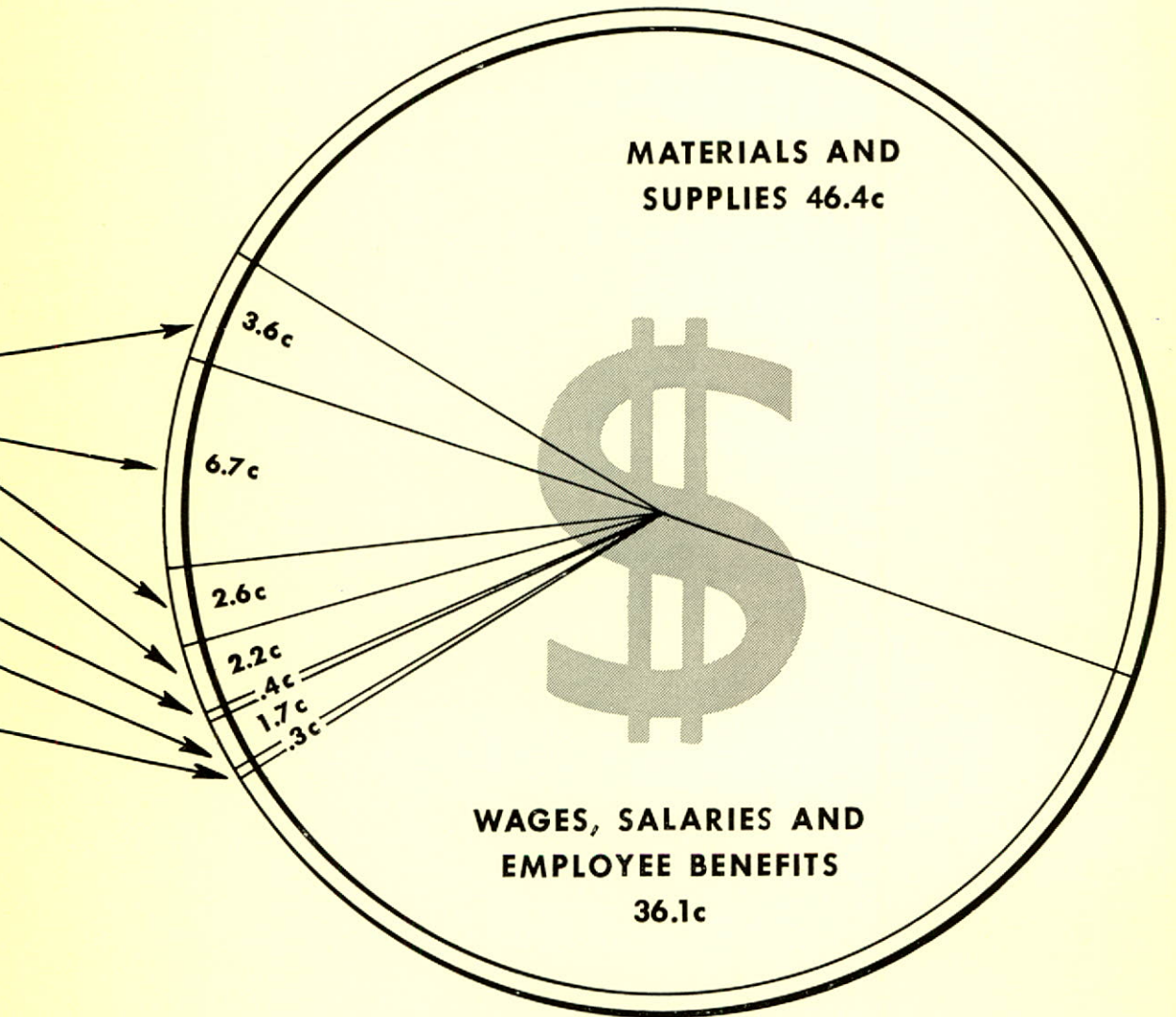
Amounts			Portion of Sales Dollar			
1947	1948	1949	1947	1948	1949	
\$7,475,685.	\$9,710,350.	\$8,549,254.				
Sales Income						
Distributed as follows:						
2,742,182.	4,224,122.	3,957,807.				
			Materials and supplies including provision for inventory price decline.....	36.6¢	43.5¢	46.4¢
2,832,883.	3,321,943.	3,090,105.				
			Wages, salaries and employee benefits.....	37.8	34.2	36.1
431,036.	451,975.	310,352.				
			Plant maintenance.....	5.9	4.6	3.6
542,848.	600,358.	572,347.				
			Other production expenses—fuel, power, insurance, etc.....	7.3	6.2	6.7
119,358.	192,601.	221,563.				
			Selling, delivery and administration expenses	1.6	2.0	2.6
141,435.	160,359.	190,968.				
			Interest on bonds, debentures and bank loan	1.9	1.7	2.2
372,500.	418,750.	—				
			Income taxes.....	5.0	4.3	—
25,859.	27,420.	36,844.				
			Other taxes.....	.3	.3	.4
117,672.	139,744.	147,108.				
			Dividends to shareholders.....	1.6	1.4	1.7
149,912.	173,078.	22,160.				
			To reduce indebtedness and re-invest in the business.....	2.0	1.8	.3
<u>\$7,475,685.</u>	<u>\$9,710,350.</u>	<u>\$8,549,254.</u>	Total.....	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>

The amounts for materials and supplies include provisions for inventory price decline as follows:

1947	\$283,668.
1948	340,166.
1949	Cr. 540,000.

The total for 1949 of \$8,549,254. includes income taxes recoverable of \$155,879. with respect to the year 1948.

# DOMINION WOOLLENS & WORSTEDS, LIMITED



# DOMINION WOOLLENS & WORSTEDS, LIMITED

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# DOMINION WOOLLENS & WORSTEDS, LIMITED

## PRESIDENT'S REPORT

*Presented to the Shareholders at the  
Annual Meeting of the Company,  
held at Toronto, Ont.,  
on March 4, 1954.*

~~1954~~

MAR 18 1954  
MCGILL UNIVERSITY

# Dominion Woollens & Worsteds, Limited

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## PRESIDENT'S REPORT

*Presented to the Shareholders at the  
Annual Meeting of the Company,  
held at Toronto, Ont.,  
on March 4, 1954.*

I should like to explain as briefly as possible the situation in which the Company finds itself at the present time.

We have recently concluded negotiations with the Woollen Workers' Union at our Hespeler plant for an emergency deduction of 13 per cent from their earnings. A similar deduction is being made from all salaried employees, including the management. Their efforts and their personal sacrifice will have been in vain unless the Federal Government takes notice of conditions in the industry.

Our problem is a simple one—we are being pushed out of our own market by goods, produced with less than half our wage cost, which enter Canada under the lowest tariff of any major textile-producing country in the world.

Wages paid, based on our Canadian economy, should be protected against wages imported from countries with a lower cost economy.

How can this additional assistance be given?

I do not believe in excluding imports. Imports in a reasonable amount act as a stimulant to domestic industry; in excessive amounts, they kill it.

The Government should determine whether the wool cloth industry is essential or not.

Can anyone deny that it is an essential



industry? Has it a place in the Canadian economy? It is a light industry and gives employment to men and women well past middle age. It is widely distributed in many cities and towns. All evidence available indicates it is well equipped, efficient.

What percentage of the domestic market should be served by the wool cloth industry? The U. S. Government places this figure at 95 per cent. I suggest this is too high for the Canadian economy, but the figure of 75 per cent seems reasonable. If this is not obtained and imports are in excess of 25 per cent, the tariff is too low; if less, the tariff is too high.

The argument against increasing tariffs is that this constitutes an infringement of the General Agreement on Tariffs and Trade. I believe I am right in saying that both Great Britain and the United States have used escape clauses in this agreement under exceptional circumstances. Why can our Government not do the same in this emergency?

For the wool cloth industry, imports from Great Britain are the greatest problem. We must certainly buy goods from Great Britain to enable them to earn dollars to buy our wheat and other primary products. But should the wool cloth industry be sacrificed to this end? I do not believe it should. It is too well established and important to Canada. There are many products that can be imported from Britain without endangering the careers and establishments in any one section of the Canadian industrial economy.

The Dominion Bureau of Statistics publication, "Trade of Canada", indicates that in the calendar year 1952 imports of iron and its products from the United States amounted to \$1,332 millions and from Great Britain, \$126 millions. It is doubtful whether the 1953 figure will record any material change in this relationship. This presents the field which Great Britain should take advantage of to earn dollars.

HENRY BARRETT,

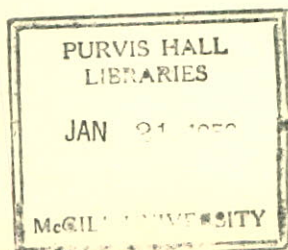
*President.*



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# **DOMINION WOOLLENS & WORSTEDS, LIMITED**

**LETTER TO SHAREHOLDERS**



# Dominion Woollens & Worsteds, Limited

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Toronto, January 9th, 1952.

Dear Sir or Madam:

Your Board of Directors at their last meeting considered it necessary to defer the current dividend of 12½c per share in order to conserve the working capital position of your Company. The drastic decline in inventory values has exhausted our inventory reserves and current operations of your Company are at an unprofitable level.

This situation is a consequence of the rapid and widespread deterioration of the textile industry generally in the last six months of 1951. The woollen and worsted branch of the textile industry has suffered severely due to a decline of nearly 60% in wool prices from the level reached last spring. Credit controls combined with very large inventories at all levels of the manufacturing and distributing branches of the industry have forced both manufacturers and distributors to liquidate their holdings as best they could in order to secure funds to meet their obligations, and this process, not yet completed, has depressed the prices of finished goods to a decidedly unsatisfactory level.

While the imposition of credit restrictions may only have anticipated the present condition, it did in effect make worthless the greater part of the orders that manufacturers had on their books earlier in the year and for which they had bought raw

material at very high prices. Customers unable to get the credit accommodation to which they were accustomed were in no position to pay for merchandise still on order and in general cancelled or were forced to cancel such orders.

The shrinking demand for textiles throughout the world, the necessity for liquidation of inventories and the shortage of dollars has turned the attention of British and European manufacturers to the last unrestricted, low tariff, hard currency market in the world. This market is Canada. The flow of imports is large and the share of the Canadian market held by domestic manufacturers has shrunk drastically and is shrinking still further. Prices quoted today for British and European goods make it impossible for domestic manufacturers to compete except on the few specialties that require prompt delivery. Wages in the United Kingdom range from one-third to one-half the rates paid in Canada and European Continental wages are still lower. Imports from Italy in the last three years are steadily increasing and are replacing British as well as Canadian cloths. The Canadian Tariff which should equalize these conditions and protect the Canadian way of life is hopelessly outdated, and as a consequence thousands of Canadians are on short time or unemployed.

Your Company belongs to an industry that is supplying one of the basic necessities of life—clothing. In war time, its services are indispensable. The textile industry is a "light industry", and one capable of giving employment to a large number of women as well as giving employment to men well beyond middle age. It is an essential industry to the economy of every industrial country.

Your Company is faced with the problem of conserving its working capital until time or government action gives some relief. Production and employment are now being restricted to those products that give indications of being profitable. Drastic economies have been and are being effected so that the financial resources of the Company will be available for profitable operations when conditions are changed.

HENRY BARRETT.

*President.*





