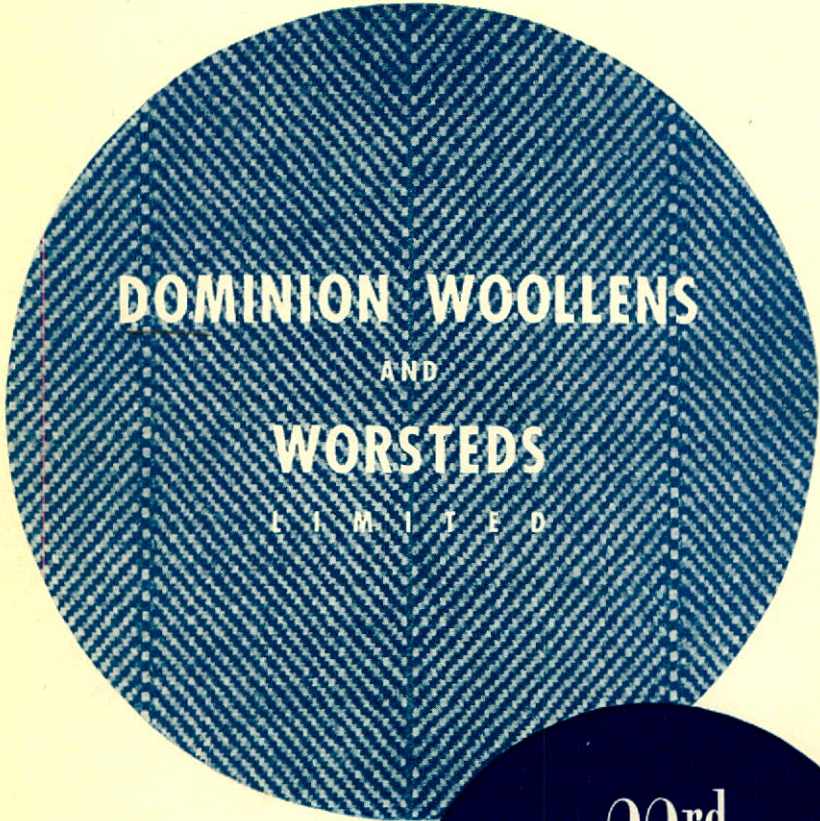


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PURVIS HALL
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MAY 23 1951
McGILL UNIVERSITY

Bouquet
WOOLS

*Worsted
Yarns*



*Distinctive
Suitings*

*by
Dominion Woollens*

DOMINION WOOLLENS & WORSTEDS, LIMITED

TWENTY-THIRD ANNUAL REPORT

FOR THE YEAR ENDED

31st DECEMBER, 1951

Presented to the Shareholders at the Annual
Meeting of the Company held
at Toronto on the
Fifth Day of June
1952

Executive Offices

80 Richmond Street West
Toronto, Ontario

Mills at

Hespeler, Ontario
Peterborough, Ontario
Orillia, Ontario

Sales Offices

80 Richmond Street West
Toronto, Ont.

63 Albert Street
Winnipeg, Man.

1130 Ste. Catherine St. West
Montreal, Que.

DOMINION WOOLLENS & WORSTEDS, LIMITED

BOARD OF DIRECTORS

HENRY BARRETT J. A. GAIRDNER DR. T. H. HOGG
S. G. BENNETT G. T. KLAGER C. H. BARRETT S. W. HAUFSCILD

OFFICERS

President and Chairman of the Board.....HENRY BARRETT
Vice-President.....J. A. GAIRDNER
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

DIRECTORS' REPORT

Your Board of Directors in presenting its Annual Report on the operations of the Company and the financial statements for the year ended 31st December, 1951, comment as follows.

Operating Conditions

The year 1951 was a very difficult one for your Company, as well as for the woollen branch of the textile industry generally, and resulted in a substantial loss for the year. Sales for the year were \$9,685,000., which represents a high physical volume but includes sales during the latter part of the year at unprofitable prices. Sales for the previous year were \$9,618,000.

The unsatisfactory results can be attributed mainly to the following:

Wool Prices

During the first quarter of the year prices rose by 40% to an all time high. During the second quarter a sharp decline set in which was temporarily halted in the third quarter but continued in the fourth quarter. By the end of the year there had taken place what can only be described as a disastrous decline of approximately 60% from the high point earlier in the year. A chart showing the course of wool prices during the years 1950 and 1951 is included in this Report on page 11.

This decline required large reductions to be made in our inventory values at the end of the year, in order to put them on a replacement price basis. It also meant that during the latter part of the year it was not possible to recover full material costs in our selling prices.

Imports

A large volume of imports from British and European manufacturers at extremely low prices has contributed to the present serious situation in the Canadian Woollen Textile Industry.

Finance

Accounts Receivable were \$877,779. compared with \$1,272,799. at the end of the previous year. This reflects the lower price levels prevailing at the end of 1951.

Inventories at \$3,238,386. compared with \$4,544,424. a year ago are valued on a replacement price basis which is considerably lower than cost.

Current assets as at 31st December, 1951 were \$4,271,592. compared with \$5,869,875. a year ago.

Current liabilities at the end of the year were \$3,849,711. compared with \$3,974,824. at the end of the previous year.

Income taxes up to and including the year 1950 have been determined by the Income Tax Department. A portion of the 1951 loss has been applied against the 1950 taxable income as provided for under the Income Tax Act, and as a result an amount of \$101,178. is credited in our Statement of Income and Expenditure for the year 1951 and further earnings over the next five years to an amount of \$1,097,000. may accrue without impact of federal taxation.

Funded Debt has been reduced in recent years by a total of \$570,900. and now stands at \$1,399,300.

Capital Expenditures

Expenditures on plant and equipment for the year amounted to \$68,000.

Depreciation

No depreciation has been provided in the accounts for the year.

Current Operations

Business to date this year has been on a subnormal level both as regards volume and prices and the outlook for the balance of the year is uncertain. Imports are continuing in large quantities at prices below Canadian costs. All possible economies of operation are being effected and it is felt that the Company is in a position to meet Canadian competition for its products. Progress is being made in developing new lines at satisfactory prices which will diversify our production.

General

Since the last Shareholders' Meeting, the following directors have retired: Mr. C. M. Heddle, owing to ill health; Mr. Henry Brown, due to resuming his connection with the Civil Service; and Mr. H. B. Bonner has severed his connection with the company.

Mr. G. T. Klager, Mr. C. H. Barrett and Mr. S. W. Haufschild, all of whom are senior executives of the Company, have been appointed Directors to fill the vacancies.

The Directors wish to express their appreciation for the loyal services of the employees and staff during this difficult period.

Submitted on behalf of the Board.

HENRY BARRETT,
President.

Toronto, Ontario, 20th May, 1952.

DOMINION WOOLLENS & WORSTEDS, LIMITED

STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31st DECEMBER, 1951

Loss from operations after charging \$43,065 for remuneration of executive officers and salaried directors and solicitors' fees and before taking into account the undernoted charges and credits.....		\$590,000
<i>Add:</i>		
Reduction in inventory values to market at 31st December.....	\$738,750	
Less: Transfer from previously established "Reserve for Future Decline in Inventory Values".....	570,000	168,750
Bond and debenture interest.....		66,838
		<u>\$825,588</u>
<i>Deduct:</i>		
Recovery of prior year income tax in accordance with "carry-back of loss" provision of Canadian Income Tax Act.....		101,178
Income account deficit transferred to Earned Surplus.....		<u>\$724,410</u>

NOTE: No provision has been made for depreciation of fixed assets during the year 1951.

DOMINION WOOLLENS

Balance Sheet as at

ASSETS		
CURRENT:		
Cash on hand and in banks	\$ 17,890	
Accounts receivable, less reserve of \$15,000	877,779	
Inventories of finished goods, goods in process, raw materials and supplies on hand and in transit, valued at the lower of cost or market	3,238,386	
Income taxes recoverable	109,268	
Unexpired insurance premiums and other deferred expenses	28,269	\$ 4,271,592
MORTGAGES AND SECURED LOANS RECEIVABLE FROM EMPLOYEES		
		21,211
INVESTMENT IN AND ADVANCES TO SUBSIDIARY COMPANY:		
Woodsdale Properties Limited:		
Shares, at cost, and advances less losses (net) incurred to date		6,047
FIXED:		
At depreciated replacement value 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	\$4,962,943	
<i>Less:</i> Reserve for depreciation	2,776,099	2,186,844
		\$6,485,694

AUDITORS' REPORT TO THE SHAREHOLDERS

Dominion Woollens & Worsteds, Limited,
Toronto, Ontario.

We have examined the balance sheet of Dominion Woollens & Worsteds, Limited as at 31st December, 1951, and the related statements of income and expenditure and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In accordance with Section 114 of the Dominion Companies Act we report that the accumulated losses, less profit, incurred by the subsidiary company have been reflected in a net reduction of the book value of the holding company's investment in shares of and advances to the subsidiary, the relative charges and credit having been made to the holding company's surplus account.

Subject to no provision having been made for depreciation of fixed assets in 1951, in our opinion the accompanying balance sheet and related statements of income and expenditure and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at 31st December, 1951, and the results 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., 20th March, 1952.

DOMINION WOOLLENS & WORSTEDS, LIMITED

STATEMENT OF EARNED SURPLUS

For the year ended 31st DECEMBER, 1951

BALANCE AT CREDIT, 1ST JANUARY, 1951.....		\$1,145,657
<i>Deduct:</i>		
Transferred from statement of income and expenditure		724,410
		<u>724,410</u>
		\$ 421,247
<i>Add:</i>		
Profit realized in 1951 by subsidiary—Woodsdale Properties Limited.....	\$ 1,993	
Miscellaneous adjustments.....	1,073	3,066
		<u>3,066</u>
		\$ 424,313
<i>Deduct:</i>		
Dividends declared.....		55,178
		<u>55,178</u>
BALANCE AT CREDIT, 31ST DECEMBER, 1951.....		<u><u>\$ 369,135</u></u>

DOMINION WOOLLENS & WORSTEDS, LIMITED

STATEMENT OF SOURCE AND USE OF FUNDS

For the year ended 31st DECEMBER, 1951

SOURCE OF FUNDS:

	1950	1951		
Current Assets.....	\$5,869,875	\$4,271,592	Decrease	\$1,598,283
Current Liabilities.....	3,974,824	3,849,711	Decrease	125,113
Decrease in net current assets.....				\$1,473,170
Decrease in Sundry Assets (other than current).....				12,183
Sundry Credits to Surplus Account.....				3,066
				\$1,488,419

HOW FUNDS WERE USED:

The following statement shows how the amount of \$1,488,419 was utilized.

	1950	1951		
Land, buildings and equipment (net).....	\$4,906,725	\$4,962,943	Increase	\$ 56,218
Reduction in Reserve for Depreciation.....	2,788,212	2,776,099		12,113
Reduction in Bonds.....	350,000	300,000		50,000
Reduction in Debentures.....	1,069,800	1,049,300		20,500
Dividends to Shareholders.....				55,178
Operating expenditures over income before transfer from inventory reserve account.....				1,294,410
				\$1,488,419

DOMINION WOOLLENS & WORSTEDS, LIMITED

This chart is for 64's quality Wool Tops and shows typical raw material prices for our worsted products. Prices at margin are in pence per pound and are average open market quotations in Bradford, England for the years 1950 and 1951.

PRICE (PENCE PER POUND)

