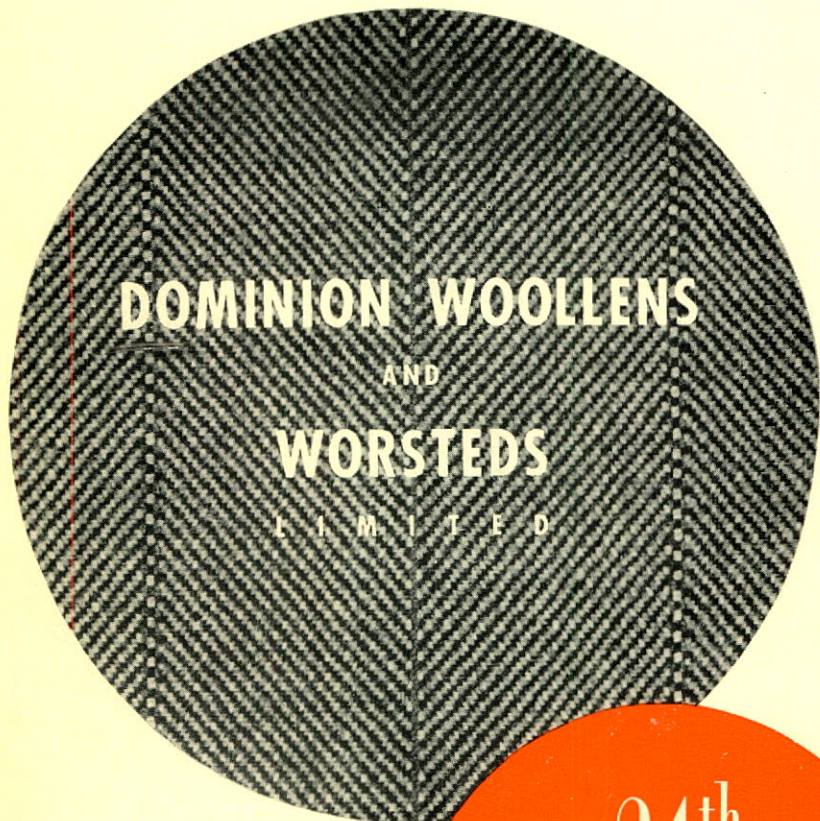


C  
stock

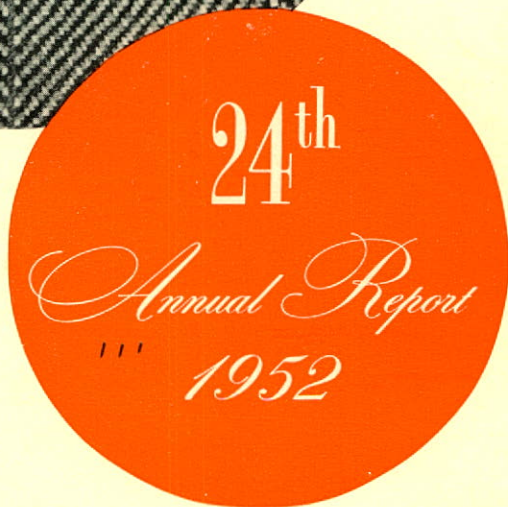


DOMINION WOOLLENS

AND

WORSTEDS

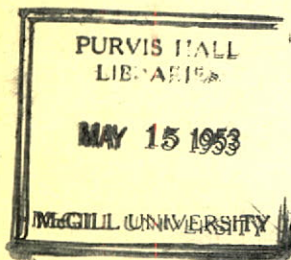
L I M I T E D



24<sup>th</sup>

*Annual Report*

1952



PURVIS HALL  
LIBRARY

MAY 15 1953

McGILL UNIVERSITY

# DOMINION WOOLLENS & WORSTEDS, LIMITED

---

## TWENTY-FOURTH ANNUAL REPORT

FOR THE YEAR ENDED

31st DECEMBER, 1952

Presented to the Shareholders at the Annual  
Meeting of the Company held  
at Toronto on the  
28th Day of May  
1953

### Executive Offices

Hespeler, Ontario

### Mills at

Hespeler, Ontario  
Peterborough, 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      GORDON T. KLAGER      C. H. BARRETT      S. W. HAUFSCILD

## OFFICERS

President and Chairman of the Board ..... HENRY BARRETT  
Vice-President ..... J. A. GAIRDNER  
Managing-Director ..... GORDON T. KLAGER  
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

In presenting the Financial Reports for the year ended 31st December, 1952, your Board of Directors would make the following comments and explanations:

### *Operating Conditions*

It is desirable to remind shareholders that our problems started in 1949 with the abrupt devaluation of the pound sterling and were further intensified by the disastrous drop in wool prices in 1951 following the spectacular rise in 1950.

Imports of woollen and worsted fabrics have been stimulated by the increased value of the Canadian dollar in relation to all currencies and large and increasing volume is coming in from Countries paying wages, which based on the Canadian economy, can be described as starvation wages.

Woollen and worsted fabrics, which constituted approximately two-thirds of our annual sales, have been affected. We discontinued the production of the better qualities of woollen and worsted fabrics which have a high wage content and had to liquidate our production line of such merchandise, at prices below cost of production. This has now been achieved and is largely responsible for the unfavourable results shown in our Financial Report.

We have replaced the above with a smaller production line of merchandise which has a lower wage and wool content.

We formerly employed in excess of 1,500 workers. Our staff now is less than 1,000.

Our overhead expenses have been reduced to the basis of the lower production level and all possible economies are being effected.

### *Wool Prices*

A decline of 20% took place in the first quarter of 1952 but, during the last three-quarters, prices recovered and finished the year at the level of January 1st, 1952. The increasing use of synthetic materials is making us less vulnerable to the violent fluctuations in the prices of raw wool.

### *Finance*

Accounts Receivable, less reserve, were \$610,560. compared to \$877,779. a year ago.

Inventories at \$2,297,319. are down \$941,067. from a year ago and are valued at the lower of cost or market.

Current assets are \$2,936,451. compared to \$4,271,592. a year ago, reflecting lower inventories and Accounts Receivable.

Current liabilities are \$3,074,894. compared to \$3,849,711. a year ago, reflecting lower bank loan and Accounts Payable.

# DOMINION WOOLLENS & WORSTEDS, LIMITED

Income taxes up to and including the year 1951 have been determined by the Income Tax Department. As a result of the losses in 1952 and 1951, earnings over the next five years to an amount of \$1,579,000. may accrue without being subject to Federal Income taxes.

Funded Debt in recent years has been reduced by \$620,900. The Serial Bond of \$50,000., falling due 1st February, 1953, was paid. At this date, therefore, the Funded Debt is \$1,299,300.

## *Capital Expenditures*

Expenditures on plants and equipment for the year amounted to \$43,000.

## *Depreciation*

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

## *Current Operations*

Operations for the first quarter of 1953 indicate a small profit earned after all charges, including depreciation. We have unfilled orders on our books which should provide full time operation, on our reduced schedule, for a further three months and it is anticipated this schedule should be carried on for the balance of the year.

It will take some time, however, to re-establish our financial position, which has been impaired by circumstances beyond our control.

## *General*

The mill at Orillia has been closed permanently and the operation carried on there has been transferred to Hespeler, where it formerly was conducted.

The Directors wish to express their appreciation for the loyal services of the employees during the year 1952.

Submitted on behalf of the Board,

HENRY BARRETT,  
President.

Toronto, Ontario, 11th May, 1953.

# DOMINION WOOLLENS

Balance Sheet as at

ASSETS		
CURRENT:		
Cash on hand and in banks.....	\$ 11,353	
Accounts receivable, less reserve of \$15,000.....	610,560	
Inventories of finished goods, goods in process, raw materials and supplies on hand and in transit, valued at the lower of cost or market.....	2,297,319	
Unexpired insurance premiums and other deferred expenses.....	17,219	\$2,936,451
MORTGAGES AND SECURED LOANS RECEIVABLE FROM EMPLOYEES.....		
		26,098
INVESTMENT IN AND ADVANCES TO SUBSIDIARY COMPANY:		
Woodsdale Properties Limited:		
Shares, at cost, and advances less losses (net) incurred to date.....		6,042
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.....	\$4,982,551	
<i>Less:</i> Reserve for depreciation.....	2,772,937	2,209,614
		\$5,178,205

## 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, 1952, and the related statements of income and expenditure and deficit account 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 net losses, incurred by the subsidiary company have been reflected in a reduction of the book value of the holding company's investment in shares of and advances to the subsidiary, the relative net charges having been made to the holding company's surplus account.

Subject to no provision having been made for depreciation of fixed assets in 1951 and 1952 in our opinion the accompanying balance sheet and related statements of income and expenditure and deficit account 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, 1952, 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.

TORONTO, Ontario, 6th April, 1953.

P. S. ROSS & SONS, Chartered Accountants.



# & WORSTEDS, LIMITED

1st December, 1952

## LIABILITIES

### CURRENT:

Bank loan—secured.....	\$2,315,000	
Bills payable under bank letters of credit—secured.....	155,954	
Accounts and bills payable and accrued liabilities.....	522,707	
Bond and debenture interest accrued.....	31,233	
First mortgage serial bonds maturing 1st February, 1953	50,000	\$3,074,894

### FUNDED DEBT:

First Mortgage serial bonds:			
Authorized—\$2,000,000			
Issued — 700,000			
Outstanding (less bonds maturing 1st February, 1953) 4%, maturing 1954.....	\$ 250,000		
Redeemable sinking fund debentures 5% maturing 1964:			
Authorized and issued.....	\$1,270,200		
Less: Redeemed under terms of			
Trust Deed.....	220,900	1,049,300	1,299,300

### CAPITAL AND DEFICIT:

Common Stock:			
Authorized—155,000 shares of no par value			
Issued — 147,283 shares fully paid.....	\$ 917,548		
Deficit, per statement attached.....	113,537		804,011
			<u>\$5,178,205</u>

### CONTINGENT LIABILITY:

Mortgages guaranteed in connection with houses built by subsidiary, Woodsdale Properties Limited, \$35,725.

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

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31st December, 1952

Loss from operations after charging \$50,261 for remuneration of executive officers and salaried directors' and solicitors' fees and before taking into account the undernoted charge..... \$ 417,861

*Add:*

Bond and debenture interest..... 64,632  
Loss transferred to Deficit Account..... \$ 482,493

Note: No provision has been made for depreciation of fixed assets during the year 1952.



# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF DEFICIT ACCOUNT

For the year ended 31st December, 1952

BALANCE AT CREDIT, 1ST JANUARY, 1952.....		\$ 369,135
<i>Deduct:</i>		
Loss transferred from statement of income and expenditure.....	\$ 482,493	
Loss incurred in 1952 by subsidiary, Woodsdale Properties Limited.....	466	
	<u>\$ 482,959</u>	
<i>Less:</i> Miscellaneous adjustments.....	287	482,672
BALANCE AT DEBIT, 31ST DECEMBER, 1952.....		<u>\$ 113,537</u>

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF SOURCE AND USE OF FUNDS

For the year ended 31st December, 1952

### SOURCE OF FUNDS:

	1951	1952		
Current Assets . . . . .	\$4,271,592	\$2,936,451	Decrease	\$1,335,141
Current Liabilities . . . . .	3,849,711	3,074,894	Decrease	774,817
Decrease in net Current Assets . . . . .				\$ 560,324

### HOW FUNDS WERE USED:

The following shows how the amount of \$560,324 was utilized:

	1951	1952		
Land, buildings and equipment (net) . . . . .	\$4,962,943	\$4,982,551	Increase	\$ 19,608
Reduction in Reserve for Depre- ciation . . . . .	2,776,099	2,772,937		3,162
Reduction in Bonds . . . . .	300,000	250,000		50,000
Increase in Sundry Assets . . . . .				4,882
Net debit to Surplus Account . . . . .				179
Operating expenditures in excess of income . . . . .				482,493
				\$ 560,324

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## COMPARISON OF INCOME AND DETAILS OF EXPENDITURES BY YEARS

Amounts				Expenditures as a percent of income		
1950	1951	1952		1950	1951	1952
\$9,618,168	\$9,685,989	\$6,864,306	Sales income			
—	101,178	—	Income taxes recoverable			
<u>\$9,618,168</u>	<u>\$9,787,167</u>	<u>\$6,864,306</u>	Total income			
\$	\$	\$				
4,838,569	6,828,202	3,957,771	EXPENDITURES	%	%	%
—	Cr. 570,000	—	Materials and supplies . . . . .	50.3	69.7	57.6
3,238,562	3,175,896	2,572,505	Transfer from reserve for decline in inventory values	—	Cr. 5.8	—
207,262	230,382	105,570	Wages, salaries and employee benefits . . . . .	33.6	32.4	37.5
152,000	Nil	Nil	Plant maintenance . . . . .	2.2	2.4	1.5
451,170	399,737	370,489	Provision for depreciation . . . . .	1.5	—	—
192,251	189,902	114,618	Other production expenses—fuel, power, insurance, etc. . . . .	4.7	4.1	5.4
200,753	214,522	183,595	Selling, delivery and administration expenses . . . . .	2.0	1.9	1.7
124,000	Nil	Nil	Interest on bonds, debentures and bank loan . . . . .	2.1	2.2	2.7
39,145	42,936	42,250	Income Taxes . . . . .	1.3	—	—
91,953	55,178	Nil	Other taxes . . . . .	.4	.4	.6
82,503	Nil	Nil	Dividends to shareholders . . . . .	1.0	.6	—
<u>\$9,618,168</u>	<u>\$10,566,755</u>	<u>\$7,346,798</u>	For debt reduction and re-investment in the business	.9	—	—
			Total expenditures including transfer from inventory reserve . . . . .	100%	107.9%	107.0%



Bouquet  
WOOLS

*Worsted  
Yarns*



*Distinctive  
Suitings*

*by  
Dominion Woollens*