

DOMINION WOOLLENS

AND

WORSTEDS

L I M I T E D

25<sup>th</sup>

*Annual Report*

1953

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# DOMINION WOOLLENS & WORSTEDS, LIMITED

## TWENTY-FIFTH ANNUAL REPORT FOR THE YEAR ENDED 31st DECEMBER, 1953

Presented to the Shareholders at the Annual  
Meeting of the Company held  
at Toronto on the  
4th day of March  
1954

### Executive Offices

Hespeler, Ontario

### Mills at

Hespeler, Ontario  
Peterborough, Ontario

### Sales Offices

80 Richmond Street West  
Toronto, Ont.

1130 Ste. Catherine St. West  
Montreal, Que.

63 Albert Street  
Winnipeg, Man.

# 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

To the Shareholders:

Your Board of Directors present herewith financial statements of the affairs of your Company for the year ended 31st December 1953, together with the report of the Company's auditors thereon. The Directors also would make the following comments:

### *Conditions in the Industry*

Depressed conditions in the woollen branch of the textile industry continued throughout the year just completed.

Imports of woollen and worsted fabrics, of which the volume has been large in recent years, have increased considerably again throughout the year 1953. This sharp and continuing increase in the proportion of the Canadian market taken by imported woollen textiles and textile products cannot do otherwise than result in a major crisis in the woollen branch of the Canadian textile industry.

### *Wool Prices*

During the first half of the year wool prices increased by 15%. From then on there was a gradual decline leaving prices at the end of the year at approximately the same level as at the beginning.

### *Finance*

Accounts Receivable less provision for doubtful accounts, were slightly higher at \$633,631 compared with \$610,560 a year ago.

Inventories at \$2,197,330 compares with \$2,297,319 a year ago, and are valued at the lower of cost or market.

Current assets are \$2,864,877 compared with \$2,936,451 at the same time a year ago.

Current liabilities are \$2,882,479 compared to \$3,074,894 a year ago, reflecting slightly lower bank loan.

Profit for the year amounted to \$61,530 and was transferred to the deficit account, leaving a deficit account balance of \$38,808.

The amount of profit for the year represents a very inadequate return on an investment in fixed assets which have an insurable value of \$9,900,000.

As a result of the losses in 1951 and 1952 earnings over the next four years to an amount of \$1,442,000 may accrue without being subject to Federal income taxes.

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## *Capital Expenditures*

Expenditures on plants and equipment for the year amounted to \$51,233.

## *Depreciation*

Depreciation in the amount of \$75,000 has been provided in the accounts for the year.

## *Funded Debt and Capital*

Certain changes have been effected since 31st December 1953 in funded debt and capital of the Company as follows:

6% First Mortgage Sinking Fund Bonds to mature 1st February 1963 in the amount of \$250,000 and 15,000 shares of no par value Common stock have been issued, the proceeds of which were used to pay the First Mortgage Serial Bonds which matured on 1st February 1954. The authorized Common stock of no par value has been increased to 250,000 shares, of which increase 15,000 shares have been issued as indicated above.

## *Current Operations*

The immediate outlook is uncertain as imports are continuing in large volume at low prices. All possible operating economies are being effected and your Company is continuing to concentrate on the production of end products of the type that are purchased principally from Canadian manufacturers.

## *General*

The Directors wish to express their appreciation for the loyal services of all employees during the year 1953.

Submitted on behalf of the Board,

HENRY BARRETT,  
President.

Hespeler, Ontario, 15th February, 1954.

## Balance Sheet as at

### ASSETS

Current:		
Cash on hand and in banks .....	\$ 10,088	
Trade accounts receivable, less provision for doubtful accounts of \$15,000 .....	633,631	
Other accounts receivable and deposits .....	12,179	
Inventories of finished goods, goods in process, raw materials and supplies on hand and in transit, valued at the lower of cost or market .....	2,197,330	
Unexpired insurance premiums and other deferred expenses .....	11,649	
	\$2,864,877	
Mortgages and secured loans receivable from employees ..		32,526
Investment in and advances to subsidiary company:		
Woodsdale Properties Limited:		
Shares, at cost, and advances less losses (net) incurred to date .....		5,450
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 sub- sequent additions at cost .....	\$4,928,435	
<i>Less</i> : Accumulated depreciation .....	2,770,769	
	2,157,666	
		\$5,060,519

#### AUDITORS' REPORT TO THE SHAREHOLDERS

Dominion Woollens & Worsteds, Limited,  
Hespeler, Ontario.

We have examined the balance sheet of Dominion Woollens & Worsteds, Limited as at 31st December, 1953, 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 118 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 deficit account.

The directors, by resolution, have provided \$75,000 for depreciation of fixed assets during the year. No provision was made in 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, 1953, 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, Ontario, 2nd February, 1954

# WORSTEDS, LIMITED

1st December, 1953

## LIABILITIES

### Current:

Bank loan — secured .....	\$2,145,000	
Bills payable under bank letters of credit — secured ..	180,831	
Accounts and bills payable and accrued liabilities .....	526,249	
Bond and debenture interest accrued .....	30,399	
		\$2,882,479

### Funded Debt:

#### First mortgage serial bonds:

Authorized — \$2,000,000		
Issued — 700,000		
Outstanding 4%, maturing 1st February, 1954 (Funds to meet this maturity have been provided through the sale of \$250,000 6% First Mortgage sinking fund bonds maturing 1st February, 1963 and 15,000 shares of common stock) .....		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

### 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 .....	38,808	
		878,740
		\$5,060,519

### Contingent Liability:

Mortgages guaranteed in connection with houses built by subsidiary, Woodsdale Properties Limited, \$33,967.

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, 1953

Profit from operations after charging \$51,055 for remuneration of executive officers and salaried directors' and solicitors' fees and before taking into account the undernoted charges ..... \$ 199,162

*Deduct:*

Bond and debenture interest ..... \$ 62,632  
Depreciation ..... 75,000  
.....  
..... 137,632

Net profit transferred to deficit account ..... \$ 61,530



# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF DEFICIT ACCOUNT

For the year ended 31st December, 1953

Balance at debit, 1st January, 1953 .....		\$ 113,537
<i>Deduct:</i>		
Profit transferred from statement of income and expenditure .....	\$ 61,530	
Profit on sale of fixed assets .....	13,293	
	<hr/>	
	\$ 74,823	
<i>Less:</i> Loss incurred in 1953 by subsidiary, Woodsdale Properties, Limited .....	94	
	<hr/>	
		74,729
Balance at debit, 31st December, 1953 .....		<hr/>
		\$ 38,808

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF SOURCE AND USE OF FUNDS

For the year ended 31st December, 1953

Source of Funds:

Net profit for the year 1953 .....	\$	61,530
Proceeds from the sale of fixed assets .....		41,380
Provision made for depreciation .....		75,000
		\$ 177,910

How Funds were Used:

	1952	1953			
Current Assets .....	\$2,936,451	\$2,864,877	decrease	\$	71,574
Current Liabilities .....	3,074,894	2,882,479	decrease		192,415
					\$ 120,841
Decrease in net Current Liabilities .....				\$	120,841
Sundry Assets .....	32,140	37,976	increase		5,836
Additions to plant and equipment .....					51,233
					\$ 177,910

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## COMPARISON OF INCOME AND DETAILS OF EXPENDITURES BY YEARS

Amounts			Expenditures as a percent of income			
1951	1952	1953		1951	1952	1953
\$ 9,685,989	\$6,864,306	\$6,672,344	Sales income			
101,178	—	—	Income taxes recoverable			
<u>\$ 9,787,167</u>	<u>\$6,864,306</u>	<u>\$6,672,344</u>	Total income			
\$	\$	\$	EXPENDITURES	%	%	%
6,828,202	3,957,771	3,325,982	Materials and supplies .....	69.7	57.6	49.9
Cr. 570,000	—	—	Transfer from reserve for decline in inventory values .....	Cr. 5.8	—	—
3,175,896	2,572,505	2,418,059	Wages, salaries and employee benefits ..	32.4	37.5	36.2
230,832	105,570	106,935	Plant maintenance .....	2.4	1.5	1.6
Nil	Nil	75,000	Provision for depreciation .....	—	—	1.1
399,737	370,489	325,019	Other production expenses—fuel, power, insurance, etc. ....	4.1	5.4	4.9
189,902	114,618	126,475	Selling, delivery and administration expenses .....	1.9	1.7	1.9
214,522	183,595	190,332	Interest on bonds, debentures and bank loan .....	2.2	2.7	2.9
Nil	Nil	Nil	Income taxes .....	—	—	—
42,936	42,250	43,012	Other taxes .....	.4	.6	.6
55,178	Nil	Nil	Dividends to shareholders .....	.6	—	—
—	—	61,530	For debt reduction and re-investment in the business .....	—	—	.9
<u>\$10,566,755</u>	<u>\$7,346,798</u>	<u>\$6,672,344</u>	Total expenditures including transfer from inventory reserve .....	107.9%	107.0%	100.0%

# Bouquet WOOLS

*Worsted  
Yarns*



*Distinctive  
Suitings*

*by  
Dominion Woollens*

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