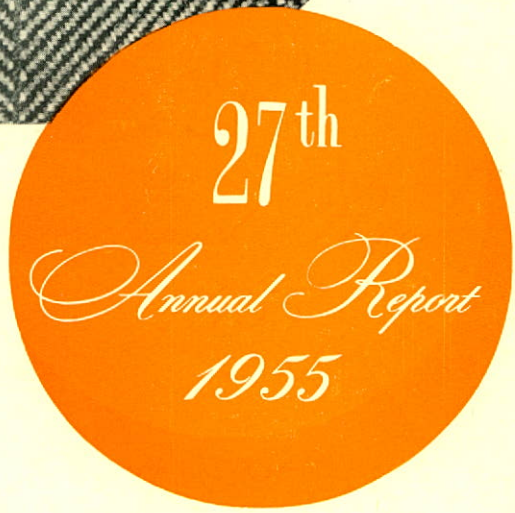
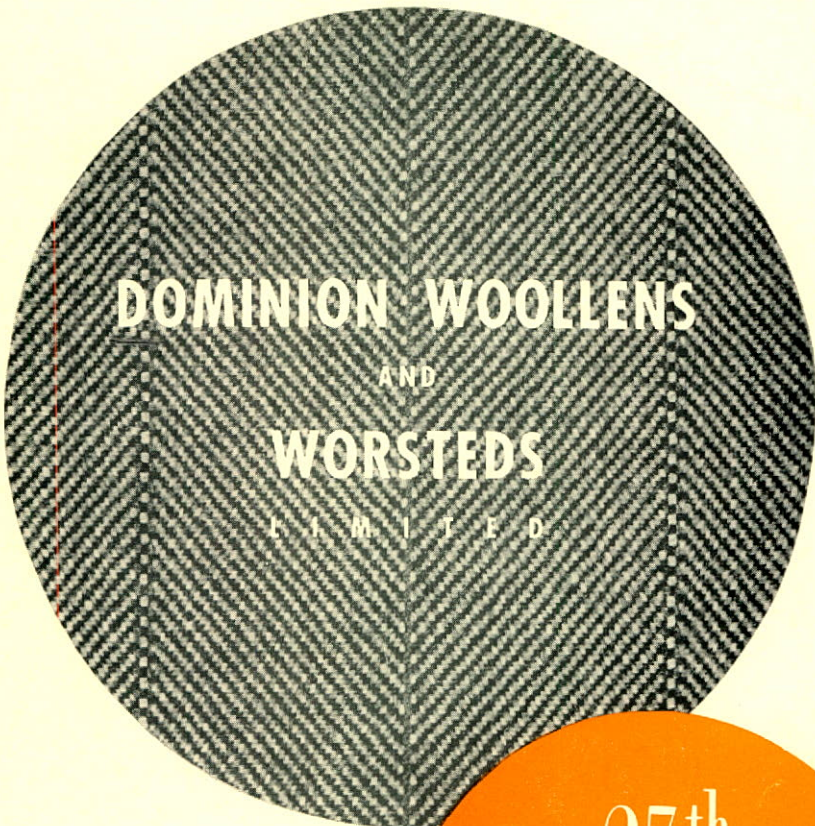


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# DOMINION WOOLLENS & WORSTEDS, LIMITED

## TWENTY-SEVENTH ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1955

Presented to the Shareholders at the Annual  
Meeting of the Company held  
at Toronto on  
May 7, 1956

### **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	L. N. WATT	DR. T. H. HOGG
S. G. BENNETT	GORDON T. KLAGER	C. H. BARRETT

## OFFICERS

Chairman of the Board	- - - - -	HENRY BARRETT
President and Managing-Director	- - - - -	GORDON T. KLAGER
Vice-President	- - - - -	C. H. BARRETT
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 December 31, 1955, together with the report of the Company's auditors. The Directors would make the following comments:

### Conditions in the Industry

While there was a slight improvement in 1955 over 1954, conditions in the Canadian woollen and worsted yarn and cloth industry continue to be difficult. Imported fabrics continue to enter Canada in large volume from low wage countries, principally Great Britain, under an inadequate tariff.

Submissions outlining the depressed conditions in the woollen and worsted textile industry in Canada were recently presented to the Royal Commission on Canada's Economic Prospects by both the Industry's Association and by the president of your Company. These submissions stressed the fact that this essential industry should be given an opportunity to compete on equal terms in the Canadian market with imports from these low wage countries.

### Operating Results

Value of shipments to our customers for the year 1955 shows an increase of 18% over 1954, and although this business was very competitive price wise, there was a profit of \$58,656 before bond and debenture interest and depreciation, as compared to a loss of \$292,618 for 1954 on the same basis. Your Company is continuing to put strong emphasis on the diversification of its products.

### Wool Prices

Prices of wools of the finer qualities, which are our principal raw material, declined approximately 12% during the last six months of 1955.

### Finance

Accounts Receivable after provision for doubtful accounts amounted to \$705,484 compared with \$710,534 at the end of the previous year.

Inventories at the year-end were \$2,066,905 compared with \$1,808,155 for the previous year and are valued at the lower of cost or market.

# DOMINION WOOLLENS & WORSTEDS, LIMITED

Current assets were \$2,804,270 compared with \$2,557,796 at the end of the previous year.

Current liabilities were \$3,207,609 compared with \$2,939,632 a year ago.

Your Board of Directors considered it necessary to defer payment of interest during the year 1955 on the 6% First Mortgage Sinking Fund Bonds and on the Redeemable Sinking Fund 5% Debentures because of the continuing unsatisfactory business conditions in the wool and worsted textile industry. This was done to conserve and to assist in the re-establishment of the Company's working capital position.

## **Capital Expenditures**

Expenditures on plant and equipment during the year amounted to \$65,000.

## **Depreciation**

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

## **Consolidation of Operations**

In order to further consolidate the operations of the Company and to bring about reductions in operating costs, your Board of Directors has decided to move the dyeing and finishing operations of the Peterborough Mill to the Hespeler Mill where it can be satisfactorily integrated. This move will result in a reduction in operating costs, and advantages in the management of the operations as a whole will also be possible.

The Company's property and buildings at Orillia were sold during the past year.

## **General**

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

Submitted on behalf of the Board,

GORDON KLAGER,  
President and Managing-Director.

Hespeler, Ontario, April 16, 1956.

# DOMINION WOOLLENS

Balance Sheet as at

## ASSETS

Current:

Cash on hand and in banks .....	\$	5,343	
Trade accounts receivable, less provision for doubtful accounts of \$20,000 .....		705,484	
Other accounts receivable and deposits .....		13,432	
Inventories of finished goods, goods in process, raw materials and supplies on hand and in transit, valued at the lower of cost or market .....		2,066,905	
Unexpired insurance premiums and other deferred expenses .....		13,106	\$2,804,270

Mortgages and secured loans receivable from employees .....			22,839
Investment in and advances to subsidiary company—Woodsdale Properties Limited .....			3,989

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 .....		\$4,784,756	
Less: Accumulated depreciation .....		2,608,680	2,176,076

Discount on 6% First Mortgage Sinking Fund Bonds, balance unamortized .....			12,000
			\$5,019,174

### AUDITORS' REPORT TO THE SHAREHOLDERS

Dominion Woollens & Worsteds, Limited,  
Hespeler, Ontario.

We have examined the balance sheet of Dominion Woollens & Worsteds, Limited as at December 31, 1955, 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.

No provision was made for depreciation of fixed assets for the years 1955 and 1954.

Subject to the foregoing, 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 December 31, 1955, 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, March 22, 1956.

P. S. ROSS & SONS,  
Chartered Accountants.

# & WORSTEDS, LIMITED

December 31, 1955

## LIABILITIES

### Current:

Bank loan — secured .....	\$2,323,000	
Bills payable under bank letters of credit — secured .....	207,682	
Accounts payable and accrued liabilities .....	576,979	
Bond and debenture interest accrued .....	99,948	\$3,207,609

### Funded debt:

#### First Mortgage Bonds:

Authorized — \$2,000,000	
Issued — 1,375,000	

#### Outstanding:

6% First Mortgage Sinking Fund Bonds maturing February 1, 1963	250,000
6% First Mortgage Bonds maturing June 15, 1964, issued as collateral security for bank loan ....	\$425,000

#### 5% Redeemable Sinking Fund Debentures 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 — 250,000 shares of no par value	
Issued — 162,283 shares fully paid	\$ 932,548

Note: Options have been granted to executives of the company for the purchase of 15,000 common shares of the company at a price of \$5 each, expiring 1964.

Deficit, per statement attached .....	420,283	512,265
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### Contingent liability:

Mortgages guaranteed in connection with houses built by subsidiary, Woodsdale Properties Limited, \$30,446

\$5,019,174

Signed on behalf of the Board:	} Henry Barrett	Director
	} Gordon T. Klager	Director

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF INCOME AND EXPENDITURE

For the year ended December 31, 1955

Profit from operations before taking into account  
the undernoted charges ..... (A) \$58,656

Deduct:

Bond and debenture interest ..... \$67,465  
Amortization of bond discount ..... 1,500      68,965

Net loss transferred to deficit account ..... \$10,309

(A) After charging:

Depreciation ..... Nil  
Remuneration of executive officers \$34,344  
Directors' fees ..... Nil  
Solicitors' fees ..... Nil



# DOMINION WOOLLENS & WORSTEDS, LIMITED

## STATEMENT OF DEFICIT ACCOUNT

For the year ended December 31, 1955

Balance at debit, January 1, 1955 ..... \$ 410,067

Add:

Net loss transferred from statement of income and  
expenditure ..... 10,309  
\$ 420,376

Deduct:

Profit in 1955, of subsidiary,  
Woodsdale Properties, Limited ..... 93  
Balance at debit, December 31, 1955 ..... \$ 420,283

# DOMINION WOOLLENS & WORSTEDS, LIMITED

## COMPARISON OF INCOME AND DETAILS OF EXPENDITURES BY YEARS

Amounts			Expenditures as a percent of income		
1953	1954	1955	1953	1954	1955
\$6,672,344.	\$4,782,264.	\$5,661,337.	Sales Income		
\$	\$	\$	EXPENDITURES		
3,311,328.	2,830,266.	3,114,186.	49.6	59.2	55.0
2,418,059.	1,632,035.	1,861,608.	36.3	34.1	32.9
106,935.	52,678.	85,098.	1.6	1.1	1.5
75,000	Nil	Nil	1.1	—	—
325,019.	281,868.	294,530.	4.9	5.9	5.2
141,129.	147,831.	150,070.	2.1	3.1	2.7
190,332.	148,082.	111,088.	2.9	3.1	2.0
Nil	Nil	Nil	—	—	—
43,012.	49,170.	53,566.	.6	1.0	0.9
61,530.	Nil	Nil	.9	—	—
\$6,672,344.	\$5,141,930.	\$5,670,146.	100.0%	107.5%	100.2%



Bouquet  
WOOLS

*Worsted  
Yarns*



*Distinctive  
Settings*

*by  
Dominion Woollens*