

Langley's

LIMITED

CLEANERS - DYERS - FURRIERS

Toronto, Ontario

ANNUAL REPORT

December 31st, 1937

TO THE SHAREHOLDERS:

Enclosed you will find the Balance Sheet and Profit and Loss Account for the fiscal year ending December 31st, 1937.

After payment of all operating expenses, but before providing for Depreciation and Income Taxes, the earnings are.....	\$	69,393.63
Compared with 1936.....	\$	67,317.14
After deducting Depreciation and Income Taxes, etc., there remains to carry forward to Earned Surplus Account.....	\$	28,510.41
This Amounts to.....	\$	5.03

per share on the outstanding Preference Stock.

During the first eight months of the year, Sales and Operating Profits showed a satisfactory improvement, but the general business recession which followed, coupled with slightly higher operating costs, effected the final results for the year.

Your attention is directed to an uncontrollable item of expense, (only a small portion of which appears on this statement, namely Income Tax). I refer to the many direct taxes paid to the Federal, Provincial and Municipal Governments. They amount in this period to over \$41,000, more than \$7.00 per share on the outstanding Preference Stock.

Net liquid assets of the Company have increased during the year.....	\$	33,859.83
to a total of.....	\$	149,158.85

The plan for reconstruction of the Company's capital, which was approved by a majority of shareholders last July, has been disallowed by the Court of Appeal.

The Court offered no criticism of the plan, their only criticism being that of the procedure relating to the summoning and holding of the meeting.

Mr. Justice Middleton stated in his written judgment: "The order will, of course, be entirely without prejudice to the calling of a further meeting in accordance with the provisions of the statute."

The Company's earnings have been sufficient to meet the dividend requirements on Preference Stock provided for in the plan, which were scheduled to commence on October 15th, last.

Your Directors, having regard to the financial position of the Company, have declared a dividend of \$2.50 in respect of each Preference share outstanding, par value \$100.00, to be paid March 15th. This payment is not to be construed as the resumption of regular dividend payments. It will be the task of the Directors to consider the situation and decide what course to pursue after the Annual General Meeting on March 23rd, 1938.

By Order of the Board,
GEO. S. LANGLEY,
President.

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LANGLEY'S
AND SUBSIDIARIES
Consolidated Financial Statement

ASSETS

Current:

Cash on Hand and in Banks.....	\$	68,002.68	
Government Bonds.....		19,600.00	
Accounts Receivable (Less Reserve).....		38,065.42	
Inventories.....		63,773.61	
			\$ 189,441.71

Fixed:

Land, Buildings, Plant and Equipment.....	\$	1,236,263.67	
Motor Trucks (Less Depreciation).....		20,756.48	
			1,257,020.15

Investments:

Life Insurance Premiums, etc.....	\$	46,141.89	
(Cash Surrender Value, \$23, 978.93)			
Mortgage receivable and accrued interest.....		13,015.14	
			59,157.03

Deferred:

Deferred Charges.....		15,249.68	
			<u>\$1,520,868.57</u>

To the Shareholders,
LANGLEY'S LIMITED,
 Toronto, Ontario.

Gentlemen:

We beg to report that we have audited the books and accounts of your Company and its Subsidiary for the year ended December 31st, 1937, and certify that, in our opinion, the foregoing Balance Sheet is so drawn up as to exhibit a true and correct view of the state of the Companies' affairs as at December 31st, 1937, according to the best of our information, the explanations given us, and as shown by the books of the Companies, subject to the fact that fourteen quarterly dividends of Langley's Limited, amounting to \$138,596.50, are in arrears.

We further certify that we have received all the information and explanations that we have required.

WELCH, ANDERSON & COMPANY,
 Chartered Accountants.

Toronto, February 17th, 1938.

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SUBSIDIARY

Statement, December 31st, 1937

LIABILITIES

Current:

Accounts and Bills Payable and Accrued Liabilities.....	\$ 31,126.55	
Provision for Taxes.....	8,156.31	
Mortgage Payable.....	1,000.00	
		\$ 40,282.86

Reserve for Obsolescence and Depreciation..... 328,782.98

TO SHAREHOLDERS:

Capital Stock:

Preferred—Authorized 6,000 Shares, 7% Redeemable, Cumulative. Par Value \$100.00 each.....	<u>\$600,000.00</u>	
Issued and Fully Paid, 5,657 Shares. Par Value \$100.00 each.....	\$565,700.00	
Common—Authorized 21,000 Shares. No Par Value. Issued and Fully Paid, 20,793 Shares. No Par Value.	219,032.00	
	<u>\$784,732.00</u>	

Capital Surplus.....	\$275,750.66		
Earned Surplus.....	91,320.07	367,070.73	1,151,802.73
			<u>\$1,520,868.57</u>

PROFIT AND LOSS STATEMENT

Year Ended December 31st, 1937

Net Operating Profit (Before Provision for Depreciation and Income Taxes).....	\$ 62,862.71
Add: Miscellaneous Income, Interest, etc.....	6,530.92
	<u>\$ 69,393.63</u>
Deduct: Interest and Exchange.....	\$ 539.28
Reserve for Obsolescence and Depreciation.....	26,131.50
Depreciation on Motor Cars.....	8,215.13
Directors' Fees.....	615.00
	<u>35,500.91</u>
Net Profit for Year Ended December 31st, 1937 (Before Provision for Income Taxes).....	\$ 33,892.72
Deduct: Provision for Income Taxes.....	5,382.31
Net Profit for Year Ended December 31st, 1937.....	<u>\$ 28,510.41</u>

EARNED SURPLUS STATEMENT

December 31st, 1937

Balance at Credit—December 31st, 1936.....	\$ 63,059.64
Deduct: Sundry Adjustments Applicable to Prior Years.....	249.98
	<u>\$62,809.66</u>
Add: Net Profit for Year Ended December 31st, 1937.....	28,510.41
Balance at Credit—December 31st, 1937.....	<u>\$ 91,320.07</u>

BOARD OF DIRECTORS

GEORGE S. LANGLEY, President

C. F. MAYES, General Manager

F. O. MITCHELL
25 King St. W.,
Toronto, Ont.

S. R. MACKELLAR
21 Melinda St.,
Toronto 2, Ont.

B. N. BARRETT
c/o Frowde Ltd.,
Waterloo, Ont.