

*Langley's*  
LIMITED

2173  
Annual Report  
1939

*For the year ending December 31st.*

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## LANGLEY'S LIMITED

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### TO THE SHAREHOLDERS:

Your Directors present their report for the year ended December 31st, 1939, including consolidated balance sheet at that date and consolidated statement of profit and loss, together with the report of your auditors.

After payment of all expenses but before providing for depreciation, the gross earnings were \$21,167.58. After deducting \$32,415.50 for depreciation, the net loss for the year is \$11,247.92. The amount provided for depreciation is \$7,415.50 on motor vehicles, calculated at full rates allowed by the Dominion Income Tax Department, and \$25,000.00 on buildings, machinery and equipment, the latter amount as provided in each of the years since 1934. Your management will have sufficient information before the end of the current year to determine the annual amount of depreciation which should be provided.

During the year your Directors considered it advisable that an independent survey of the Company's affairs and operations should be made by competent persons. Messrs. Clarkson, Gordon, Dilworth & Nash, Chartered Accountants, were retained for this purpose. Their report has been received, and, in accordance with the recommendations, major changes in the plant layout are in process, which will improve the services provided by the Company and reduce production costs. The firm also investigated the retail fur business conducted by the Company at 890 Yonge Street and analyzed the effect of its operations since it was opened. In accordance with the recommendation embodied in the report the stock of furs has been disposed of and the store has been closed. The storage, remodelling and repairing of furs which has always been carried on at the Company's plant on Spadina Road will be continued.

It will be observed that a number of charges have been made to earned surplus.

The estimated loss of \$11,000.00 in disposing of the fur stocks accumulated over the past few years, and for which depreciation had not been provided in the past, has been charged to earned surplus.

Life insurance which had previously been carried at the cost of premiums paid has been written down to the cash surrender value of the paid-up insurance policy to which it has been converted and such basis of valuation will be continued in future. The difference of \$13,941.84 has been charged to earned surplus.

After negotiations with the trustee in bankruptcy of the mortgagor, the Company took over the property in Ottawa and discharged the mortgage debt. This property has now been written down to \$7,500.00; and the amount of the loss, \$4,350.00, together with uncollected interest of \$1,948.74 on the mortgage which was discharged, a total of \$6,298.74, has also been charged to earned surplus.

All of the above items, together with other adjustments found necessary, make up the amount \$43,947.91 to be written off, which figure was reduced by \$24,362.00 profit realized from the redemption of preferred shares in prior years. This leaves a net amount of \$19,585.91 charged to earned surplus for all above adjustments. This net amount, together with operating loss of \$11,247.92 and \$5,657.00 dividend paid during the early part of the year, gave a total reduction of \$36,490.83 in your Company's earned surplus.

The Capital Surplus Amount of \$250,348.21 is the total of \$142,498.76 "Surplus from Appraisal" and \$107,849.45 "Surplus arising from acquisition of Subsidiary Company."

By order of the Board of Directors.

C. F. MAYES,

*Vice-President.*

March 14th, 1940.



# LANGLEY'S

(Incorporated under the  
AND SUBS

## CONSOLIDATED BALANCE SHEET

| ASSETS  |                |                |
|---|----------------|----------------|
| CURRENT   |                |                |
| Cash on hand and in banks.....  | \$ 39,970.38   |                |
| Call loan (secured).....  | 50,000.00      |                |
| Accounts receivable, less reserve.....  | 22,217.48      |                |
| Accrued storage charges and costs expended on un-<br>delivered work.....  | 15,954.07      |                |
| Inventories of materials and supplies, as determined<br>and certified by the management, and valued at<br>the lower of cost or market.....                          | 38,018.24      |                |
| Life insurance—cash surrender value of paid-up insur-<br>ance of \$44,661.00.....   | 28,082.67      |                |
|   | \$ 194,242.84  |                |
| SHARES OF COMPANY held by subsidiary company—at cost.....   |                | 10,041.50      |
| FIXED   |                |                |
| Land, buildings, machinery and equipment, based upon<br>an appraisal made in 1929 by the Dominion Appraisal<br>Company, Ltd., with subsequent additions at cost.... | \$1,299,197.68 |                |
| Less: Reserve for depreciation.....   | 419,965.68     |                |
|   | \$ 879,232.00  |                |
| Real estate, Ottawa.....  | 7,500.00       |                |
|   |                | 886,732.00     |
| DEFERRED AND PREPAID  |                |                |
| Insurance, etc.....   | \$ 10,066.25   |                |
| Expenditures on leasehold premises not yet written off....  | 11,322.50      |                |
|   |                | 21,388.75      |
|   |                | \$1,112,405.09 |

### TO THE SHAREHOLDERS, LANGLEY'S

We beg to report that we have audited the books and accounts of your Company and the annexed Balance Sheet is, in our opinion, drawn up so as to exhibit a true and correct view of the financial position and the explanations given us and as shown by the books of the Companies, such as are in arrears.

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

Toronto, March 13th, 1940.

# LIMITED

(Ontario Companies Act)  
SUBSIDIARIES

DECEMBER 31ST, 1939

## LIABILITIES

### CURRENT

|   |                   |              |
|---|-------------------|--------------|
| Accounts and bills payable and accrued charges..... | \$ 28,494.81      |              |
| Provision for taxes.....                            | 2,205.00          |              |
|   | <u>          </u> | \$ 30,699.81 |

### CAPITAL AND SURPLUS

#### Capital:

Preference—6,000 7% redeemable, cumulative preference shares of \$100.00 each authorized; outstanding 5,657 shares.....\$565,700.00

NOTE:—7% cumulative dividends in arrears \$183,852.50.

Common—21,000 common shares of no par value authorized; outstanding 20,793..... 219,032.00

            
\$784,732.00

Capital surplus account..... 250,348.21

Earned surplus account..... 46,625.07

            
1,081,705.28

            
            
\$1,112,405.09

'S LIMITED, TORONTO, ONTARIO

and its Subsidiaries for the year ended December 31st, 1939, and hereby certify that the of the state of the Companies' affairs as at December 31st, 1939, according to the best of our subject to the fact that preference dividends of Langley's Limited, amounting to \$183,852.50,

what we have required.

WELCH, ANDERSON & COMPANY,  
Chartered Accountants.

**LANGLEY'S LIMITED**  
(Incorporated under the Ontario Companies Act)  
AND SUBSIDIARIES

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED DECEMBER 31ST, 1939**

|   |              |
|---|--------------|
| Net profit from operations for the year after charging directors' fees and before depreciation..... | \$ 20,173.00 |
| Sundry income less sundry deductions.....   | 994.58       |
|   | \$ 21,167.58 |
| Less: Provision for depreciation of automobiles.....  | \$ 7,415.50  |
| Provision for depreciation of buildings, machinery and equipment.....                               | 25,000.00    |
|   | 32,415.50    |
| Net Loss.....   | \$ 11,247.92 |

**CONSOLIDATED EARNED SURPLUS ACCOUNT**  
**YEAR ENDED DECEMBER 31ST, 1939**

|   |              |
|---|--------------|
| Balance at CREDIT, December 31st, 1938.....   | \$ 83,115.90 |
| Less: Net loss for year ended December 31st, 1939.....  | 11,247.92    |
|   | \$ 71,867.98 |
| Less: Adjustment on life insurance to cash surrender value.....   | \$ 13,941.84 |
| Provision for loss on discontinuance of Fur Salon business.....   | 11,000.00    |
| Legal and other expenses <i>re</i> the proposed reorganization of the Company's capital in 1937.....                  | 4,101.59     |
| Goodwill written off in subsidiary company.....   | 5,293.79     |
| Loss in taking over subsidiary.....   | 3,311.95     |
| Accrued interest on mortgage on Ottawa property written off.....  | 1,948.74     |
| Amount required to write Ottawa property down to a value of \$7,500.00.....   | 4,350.00     |
|   | \$ 43,947.91 |
| Less: Surplus from redemption of preference shares in 1932-34 transferred from Capital Surplus Account.....           | 24,362.00    |
|   | 19,585.91    |
|   | \$ 52,282.07 |
| Less: Dividend of 1% paid March 15th, 1939, on account of arrears on 7% redeemable, cumulative preference shares..... | 5,657.00     |
| Balance at CREDIT, December 31st, 1939.....   | \$ 46,625.07 |

**CAPITAL SURPLUS ACCOUNT**  
**DECEMBER 31ST, 1939**

|  |              |
|--|--------------|
| Balance at CREDIT, December 31st, 1938.....  | \$274,710.21 |
| Less: Surplus from redemption of preference shares in 1932-34 transferred to Earned Surplus Account..... | 24,362.00    |
|  | \$250,348.21 |

# Langley's Limited

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## BOARD OF DIRECTORS

GEORGE S. LANGLEY

C. F. MAYES

S. R. MACKELLAR

B. N. BARRETT

S. G. BENNETT

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## OFFICERS

*President* . . . . . GEORGE S. LANGLEY

*Vice-President and General Manager* . . . . . C. F. MAYES

*Secretary-Treasurer* . . . . . P. G. SHAY

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*Transfer and Registrar Agents*

NATIONAL TRUST CO., LIMITED

Toronto, Ont.

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*Executive Offices*

253 Spadina Road, Toronto, Canada



*Langley's*  
LIMITED

BE YOUR OWN CUSTOMER!

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As a shareholder you know your company possesses unexcelled facilities in its field.

It is obviously to your advantage to use Langley services for *your* dry-cleaning, dyeing, rug-cleaning and garment storage.

You will be increasing your company's business and adding to the value of your investment.

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*Recommend Langley's to your friends.*

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Plant and 22 stores in Toronto

Plant and 2 stores in Hamilton

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*Branches at:*

Kingston

Belleville

Oshawa

Kitchener

Galt

Guelph