

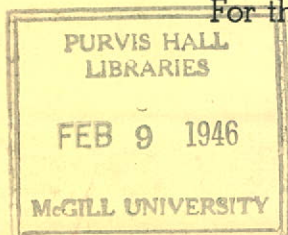
Langley's
LIMITED

E12R2

ANNUAL REPORT

For the year ending December 31st

1940



LANGLEY'S LIMITED

OFFICERS

S. R. MACKELLAR
President

C. F. MAYES
Vice-President and
General Manager

P. G. SHAY
Secretary-Treasurer

DIRECTORS

S. R. MACKELLAR

C. F. MAYES
S. G. BENNETT

B. N. BARRETT
G. H. HAND

EXECUTIVE OFFICES

253 Spadina Road, Toronto

REGISTRAR AND TRANSFER AGENT

National Trust Co., Limited
Toronto 2, Ont.

LANGLEY'S LIMITED

To the Shareholders:

Your Directors submit their report for the year ended 31st December, 1940. This includes the consolidated balance sheet at that date, related statement of profit and loss for the year, and the report of your auditors.

The downward trend in earnings of the three years prior to 1940 was reversed, and results for the year under review are more encouraging. These earnings are not yet satisfactory considering the capital invested. The following is a comparison of earnings for the last four years:

	1940	1939	1938	1937
Net earnings before depreciation and income taxes.	\$49,296.38	\$21,167.58	\$57,227.39	\$68,239.35
Less:				
Depreciation on fixed assets.	30,000.00	25,000.00	25,131.50	26,131.50
Depreciation on automotive equipment.....	5,572.50	7,415.50	8,314.25	8,215.13
Provision for income taxes..	4,803.36	3,680.58	5,382.31
	\$ 8,920.52	*\$11,247.92	\$20,101.06	\$28,510.41

*Deficit.

After consideration, your Directors have adopted rates of depreciation which are considered reasonable. These rates, when applied to the book values of the various assets, require a provision of \$30,000 for the past year, which is more than the annual provision made in recent years.

The improvement is mainly due to economies effected during 1940. The substantial increase in physical volume for the year indicates the public's appreciation of price reductions.

The management is persisting in its efforts for still lower costs of production as are consistent with the maintenance of Langley's Retex cleaning standards. Our objective is to maintain this standard at reasonable prices. The increased plant efficiency is due in part to the changing of the layout of departments, which now enables approximately 90% of the work to be completed on two floors only rather than on five floors as previously. Additional space provided by this change is now made available for laundry work and extension of garment storage facilities. Many departments were also reorganized with changes in personnel. Wherever possible unprofitable units, such as the fur salon, have been

eliminated. The Ottawa plant and the store property at 1068 Yonge Street, Toronto, have been sold. These had shown losses over a number of years.

Modernization of both Toronto and Hamilton plants continues, with the definite object of improvement in quality of work with an increase in capacity.

The Company has handled laundry since the spring of 1940. This month new equipment has been installed to turn out one class of work, namely "Bachelor Bundles." By specializing in one service we are able to offer low prices, and this department will add to our volume without increasing overhead.

The Company's financial position is excellent. Net working capital has been increased to \$200,735 (including \$119,820 call loan, government bonds and cash). This compares with \$183,014 as at 31st December, 1929, the previous high point.

A distribution of \$2.00 has been authorized on the preferred shares, payable in four quarterly dividends of 50 cents each, on the 12th of March, June, September and December, 1941, subject to the approval of the Foreign Exchange Control Board.

Your Directors are pleased to record their appreciation of the loyalty and faithful service of the officials and employees of the Company.

On behalf of the Board,

S. R. MACKELLAR,
President.

March 12th, 1941.

LANGLEY'

(Incorporated under the
AND SUB

CONSOLIDATED

December

ASSETS

CURRENT:

Cash on hand and in banks.....	\$	65,964.84
Call loan (secured).....		30,000.00
Dominion of Canada War Bonds, 3%, due 1952 (market value \$23,760.00).....		23,700.00
Mortgage receivable (payable 1941).....		4,000.00
Accounts receivable, less reserve.....		20,591.14
Accrued storage charges and undelivered work.		24,486.61
Inventories of materials and supplies, as determined and certified by the management and valued at the lower of cost or market..		28,646.60
Life insurance—cash surrender value of paid-up insurance of \$46,825.00.....		30,074.21
	\$	227,463.40

SHARES OF COMPANY held by subsidiary company—at cost.. 10,041.50

FIXED:

Land, buildings, machinery and equipment based upon an appraisal made in 1929 by the Dominion Appraisal Co. Ltd., with subsequent additions at cost.....	\$	1,273,685.10
Less: Reserve for depreciation.....		434,638.33
		839,046.77

DEFERRED AND PREPAID:

Insurance, etc.....	\$	8,569.53
Expenditure on leasehold premises not yet written off.....		5,393.50
Expenditure on plant alterations not yet written off.....		16,452.80
		30,415.83

\$1,106,967.50

AUDITORS' REPORT TO

We beg to report that we have audited the books and accounts of your Company and Balance Sheet is, in our opinion, drawn up so as to exhibit a true and correct view of the state of the explanations given us and as shown by the books of the Companies, subject to the fact that

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

Toronto, February 20th, 1941.

S LIMITED

(Ontario Companies Act)

SUBSIDIARIES

BALANCE SHEET

December 31st, 1940

LIABILITIES

CURRENT:

Accounts payable and accrued charges.....	\$ 17,061.49	
Provision for taxes (being Dominion and Provincial Income Taxes, and Corporation Tax due and accrued).....	7,103.36	
	<u> </u>	\$ 24,164.85

CAPITAL AND SURPLUS:

Capital:

Preference—6,000 7% redeemable cumulative preference shares of \$100.00 each authorized; outstanding, 5,657 shares.....	\$565,700.00	
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(Note: 7% cumulative dividends in arrears, \$223,451.50.)

Common—21,000 common shares of no par value authorized; outstanding, 20,793 shares.....	219,032.00	
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	\$784,732.00	
Capital surplus account.....	244,220.71	
Earned surplus account.....	53,849.94	
	<u> </u>	1,082,802.65

\$1,106,967.50

THE SHAREHOLDERS

and its Subsidiaries for the year ended December 31st, 1940, and hereby certify that the annexed of the Companies' affairs as at December 31st, 1940, according to the best of our information and preference dividends of Langley's Limited, amounting to \$223,451.50, are in arrears. 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, 1940

Net profit from operations for the year, after charging directors' fees and before depreciation and income taxes.....	\$47,590.92
Sundry income, less sundry deductions.....	1,705.46
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Less:	\$49,296.38
Provision for depreciation of automobiles.....	\$ 5,572.50
Provision for depreciation of buildings, machinery and equipment.....	30,000.00
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	35,572.50
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	\$13,723.88
Provision for income taxes, subject to some rebate on capital expenditures allowance.....	4,803.36
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NET PROFIT FOR YEAR—Carried to Earned Surplus..	<u><u>\$ 8,920.52</u></u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

December 31st, 1940

Balance at CREDIT, December 31st, 1939.....	\$46,625.07
Add: Net profit for year ended December 31st, 1940..	8,920.52
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	\$55,545.59
Deduct:	
Net loss on disposal of fixed assets....	\$ 2,531.22
Sundry adjustments re 1939—net....	94.98
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	\$ 2,626.20
Less: Net adjustments on life insurance to December 31st, 1940, re cash surrender valuation.....	930.55
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	1,695.65
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Balance at CREDIT, December 31st, 1940.....	<u><u>\$53,849.94</u></u>

CAPITAL SURPLUS ACCOUNT

December 31st, 1940

Balance at CREDIT, December 31st, 1939.....	\$250,348.21
Deduct: Loss on disposal of fixed assets.....	6,127.50
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Balance at CREDIT, December 31st, 1940.....	<u><u>\$244,220.71</u></u>

HEAD OFFICE

253 Spadina Road

PLANTS

Toronto
253 Spadina Road

Hamilton
210 Main Street East

BRANCHES

Galt
Guelph
Kitchener

Oshawa
Belleville
Kingston

CASH & CARRY STORES

Toronto

321 Bay Street	982 Kingston Road
14 Bloor Street East	609 Mt. Pleasant Road
977 Bloor Street West	2024 Queen Street East
2368 Bloor Street West	1500 Queen Street West
122 Carlton Street	515 St. Clair Avenue West
526 Danforth Avenue	1222 St. Clair Avenue West
1990 Danforth Avenue	89 Yonge Street
2925 Dundas Street West	1475 Yonge Street
450 Eglinton Avenue West	2465 Yonge Street
393 Jane Street	3404 Yonge Street
	253 Spadina Road

Hamilton

210 Main Street East	16 King Street West
	687 King Street East

Agencies Throughout Ontario

RETEX DRY CLEANING

Retex is the name given to an unique dry cleaning process which, in addition to cleaning, restores "life" to fabrics.

Garments cleaned by this process are cleaner, brighter and have more of that sparkle and gleam which indicates quality cleaning.

