

Langley's
LIMITED

13th

ANNUAL REPORT

PURVIS HALL For the year ending December 31st
LIBRARIES

FEB 9 1946

MCGILL UNIVERSITY

1941

DIRECTORS' REPORT

The Directors submit herewith the thirteenth Annual Report of Langley's Limited, together with the Consolidated Balance Sheet, the Consolidated Profit and Loss Account and Surplus Accounts for the year ended 31st December, 1941.

Profit before Depreciation and Taxes for the year was \$75,899, compared with \$49,296 for 1940. Net profit, after writing off \$40,009 to Reserve for Depreciation, and providing \$11,908 for Federal Taxes, was \$23,981, equivalent to \$4.23 per Preference share, which compares with a 1940 net profit of \$8,920 or \$1.58 per Preference share. The greater portion of the increased earnings was made in the first half of the year before wage rates and the prices of supplies had risen appreciably. The improvement during this period was partly due to an increase in the volume of business, to economies, to alterations made to the plant in 1940, and to the installation of modern equipment. The following is a comparison of earnings for the last four years:

| | 1941 | 1940 | 1939 | 1938 |
|--|-------------|-------------|--------------|-------------|
| Net earnings before depreciation and income taxes. | \$75,899.71 | \$49,296.38 | \$21,167.58 | \$57,227.39 |
| Less: | | | | |
| Depreciation on fixed assets.. | 34,000.00 | 30,000.00 | 25,000.00 | 25,131.50 |
| Depreciation on automotive equipment..... | 6,009.02 | 5,572.50 | 7,415.50 | 8,314.25 |
| Provision for income taxes..... | 11,908.84 | 4,803.36 | | 3,680.58 |
| | \$23,981.85 | \$ 8,920.52 | *\$11,247.92 | \$20,101.06 |
| | | | | *Deficit. |

And the following is a summary of balance sheets for the last three years:

| | 1941 | 1940 | 1939 |
|---|----------------|----------------|----------------|
| Cash and Government Bonds...\$ | 114,118.09 | \$ 119,664.84 | \$ 89,970.38 |
| Accounts Receivable, Cash Surrender Value of Life Insurance, and Inventories..... | 125,780.88 | 107,798.56 | 104,272.46 |
| | \$ 239,898.97 | \$ 227,463.40 | \$ 194,242.84 |
| Deduct: Current Liabilities..... | 55,935.82 | 24,164.85 | 30,699.81 |
| | \$ 183,963.15 | \$ 203,298.55 | \$ 163,543.03 |
| Net Working Capital.....\$ | 867,772.17 | 839,046.77 | 886,732.00 |
| Fixed Assets (Net)..... | 10,041.50 | 10,041.50 | 10,041.50 |
| Investments..... | 34,204.31 | 30,415.83 | 21,388.75 |
| Insurance Deposits and Prepaid Expenses..... | \$1,095,981.13 | \$1,082,802.65 | \$1,081,705.28 |
| Net Worth (Shareholders' Interest)..... | | | |

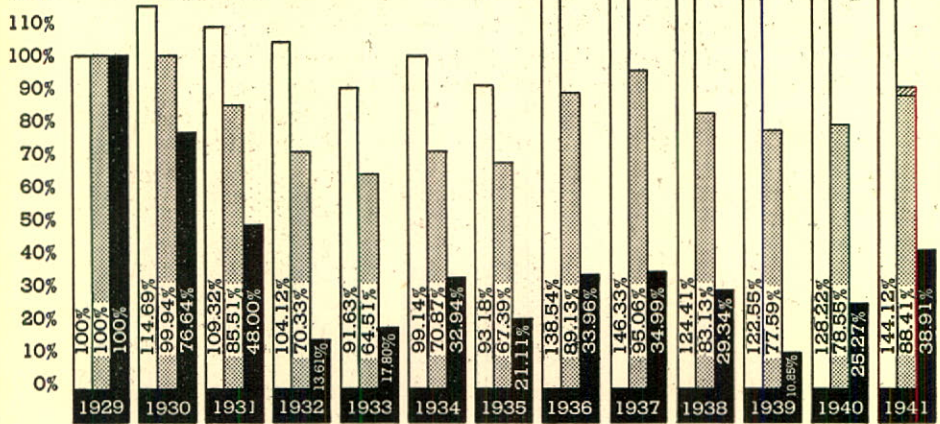
During the year 1941 the cost of many supplies used by your Company advanced, and this trend continued until the Dominion Government placed a ceiling on prices. It was realized in July that our wage rates must be increased to bring them in line with higher rates being paid in other industries. Therefore, commencing with the first week in August, the wages of employees were raised by a wartime bonus based on the increase in the cost of living since 1939.

150%

LEGEND
1929 = 100%

CHART - A

- WHITE - UNIT VOLUME
- ▨ GREY - DOLLAR VOLUME
- ▩ LINES - LAUNDRY DOLLAR VOLUME
- BLACK - GROSS PROFIT

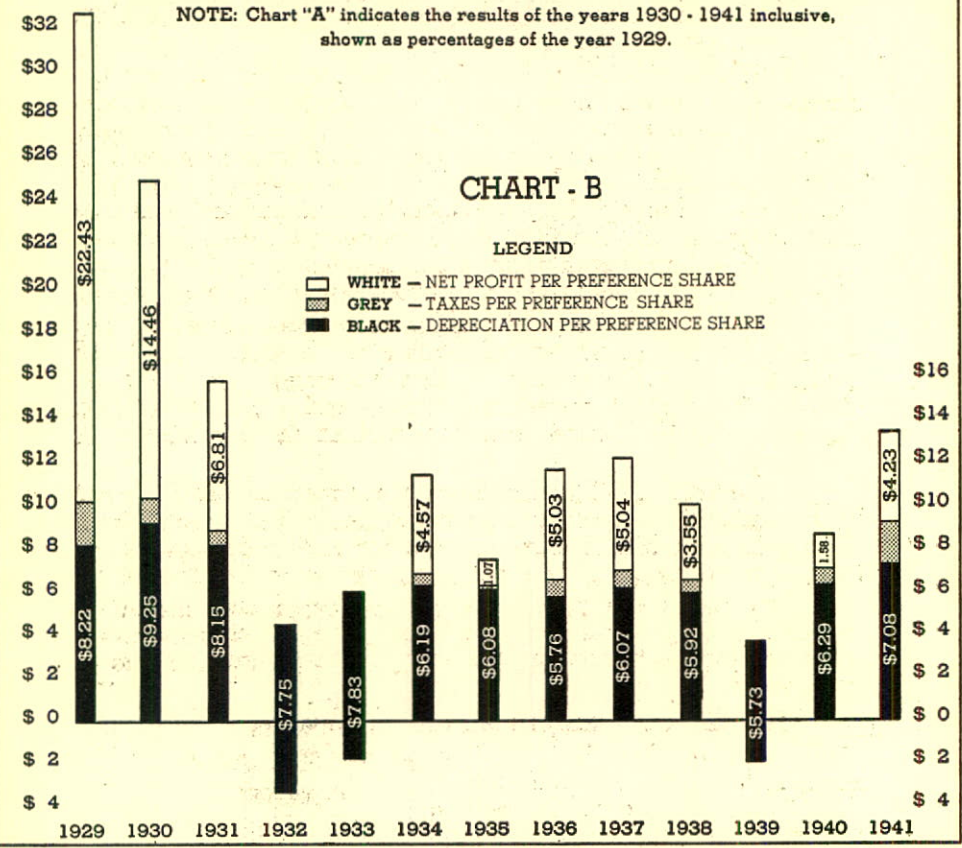


NOTE: Chart "A" indicates the results of the years 1930 - 1941 inclusive, shown as percentages of the year 1929.

CHART - B

LEGEND

- WHITE - NET PROFIT PER PREFERENCE SHARE
- ▨ GREY - TAXES PER PREFERENCE SHARE
- BLACK - DEPRECIATION PER PREFERENCE SHARE



The cost of operating your Company during the last half of the year showed an increase over the first half, due to the rise in prices of supplies and rates of wages. As an example, the increased price of gasoline, cleaning solvent and coal reached a level during 1941 which, if maintained, will cost the Company approximately \$8,000 more for a year's consumption of these commodities than it would have done previous to the war.

To offset increased costs cleaning prices were raised 10c. per unit for the Cash and Carry service, and 4c. per unit for the Call and Deliver service. The higher prices were in effect prior to the "basic period" for establishing maximum prices.

The two charts on the opposite page show (a) the percentage of physical and dollar volume of business and gross earnings for each year as compared with 1929; (b) a comparison of gross earnings in dollars per Preference share, showing the distribution of these earnings for each year.

The response of the public to our laundry service for men has been such that your management, after careful consideration, early last fall ordered additional laundry finishing units to handle the steadily increasing volume. The laundry department occupies space in the plant which was formerly vacant. This additional business is absorbing part of the overhead expense of the plant previously borne by the other departments.

A modern and attractive design has been adopted for the exterior of our stores which compels both attention and commendation from the public. The interior colour scheme is especially appealing to women. Seven stores are now finished according to this new design and old stores will be changed over from time to time. During 1941 two stores were closed and four new stores opened. The locations of our stores are carefully chosen, due consideration being given to the population of the districts, flow of pedestrian traffic and the location of prominent chain stores.

The Company's financial position continues excellent. Net working capital amounted to \$183,963 (including \$114,118 government bonds and cash). This compares with \$203,298 (including \$119,664 government bonds and cash), as of 31st December, 1940, which was the highest in the history of the Company.

A dividend of \$2.00 has been authorized on the Preferred shares, payable in four quarterly payments of 50 cents each, on the 11th of March, June, September and December, 1942, subject to the approval of the Foreign Exchange Control Board.

Our thanks are due to all the employees and executives for their loyalty to the Company, and for their efficient work, under conditions which have been made more arduous due to the war.

Submitted on behalf of the Board of Directors.

S. R. MACKELLAR,
President.

Toronto, Ontario
March 12th, 1942.

LANGLEY'S

(Incorporated under The

AND SUBS

CONSOLIDATED

December

(With comparative balances

| | ASSETS | |
|---|-----------------------|-----------------------|
| CURRENT: | 1941 | 1940 |
| Cash on hand and in banks.....\$ | 64,268.09 | \$ 65,964.84 |
| Call loan (secured)..... | 25,000.00 | 30,000.00 |
| Dominion of Canada bonds..... | 24,850.00 | 23,700.00 |
| Market value—Dec. 31st, 1941, \$24,762.50 | | |
| Dec. 31st, 1940, 23,760.00 | | |
| Mortgage receivable (payable 1941)..... | | 4,000.00 |
| Accounts receivable, less reserve..... | 20,266.97 | 20,591.14 |
| Accrued storage charges and undelivered work. | 32,071.30 | 24,486.61 |
| Inventories of materials and supplies, as deter- mined and certified by the management and valued at the lower of cost or market.. | 41,678.40 | 28,646.60 |
| Life insurance—cash surrender value..... | 31,764.21 | 30,074.21 |
| Paid-up value—Dec. 31st, 1941, \$48,809.00 | | |
| Dec. 31st, 1940, 46,825.00 | | |
| TOTAL CURRENT ASSETS.....\$ | 239,898.97 | \$ 227,463.40 |
| SHARES OF COMPANY held by subsidiary company—at cost.....\$ | 10,041.50 | \$ 10,041.50 |
| FIXED: | | |
| Land, buildings, machinery and equipment based upon an appraisal made in 1929 by the Dominion Appraisal Co. Ltd., with subse- quent additions at cost..... | \$1,314,845.54 | \$1,273,685.10 |
| Less: Reserve for depreciation..... | 447,073.37 | 434,638.33 |
| | \$ 867,772.17 | \$ 839,046.77 |
| DEFERRED AND PREPAID: | | |
| Insurance, etc.....\$ | 14,619.17 | \$ 8,569.53 |
| Expenditure on leasehold premises not yet W/O. | 6,025.14 | 5,393.50 |
| Expenditure on plant alterations not yet W/O... | 13,560.00 | 16,452.80 |
| | \$ 34,204.31 | \$ 30,415.83 |
| | \$1,151,916.95 | \$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

No provision has been made for Ontario Corporation Income Tax.

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

Toronto, February 16th, 1942.

S LIMITED

(Ontario Companies Act)

SUBSIDIARIES

BALANCE SHEET

31st, 1941

as at December 31st, 1940)

| | LIABILITIES | |
|---|-----------------------|-----------------------|
| CURRENT: | 1941 | 1940 |
| Accounts payable and accrued charges.....\$ | 41,811.98 | \$ 17,061.49 |
| Provision for Income, Excess Profits and Corporation Taxes..... | 14,123.84 | 7,103.36 |
| | <u>\$ 55,935.82</u> | <u>\$ 24,164.85</u> |
| CAPITAL AND SURPLUS: | | |
| Capital: | | |
| Preference—6,000 7% redeemable cumulative Preference shares of \$100.00 each authorized; outstanding, 5,657 shares.....\$ | 565,700.00 | \$ 565,700.00 |
| (Note.—7% cumulative dividends in arrears: Dec. 31st, 1941, \$251,736.50 Dec. 31st, 1940, 223,451.50) | | |
| Common—21,000 Common shares of no par value authorized; outstanding, 20,793 shares..... | 219,032.00 | 219,032.00 |
| Capital surplus account..... | 244,220.71 | 244,220.71 |
| Earned surplus account..... | 67,028.42 | 53,849.94 |
| | <u>\$1,095,981.13</u> | <u>\$1,082,802.65</u> |
| | <u>\$1,151,916.95</u> | <u>\$1,106,967.50</u> |

THE SHAREHOLDERS

and its Subsidiaries for the year ended December 31st, 1941, and hereby certify that the annexed of the Companies' affairs as at December 31st, 1941, according to the best of our information and Preference dividends of Langley's Limited, amounting to \$251,736.50, are in arrears.

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, 1941

(With a comparative account for the year ended December 31st, 1940)

| | 1941 | 1940 |
|---|--------------------|--------------------|
| Net profit from operations for the year, after charging directors' fees and before depreciation and income taxes..... | \$71,681.33 | \$47,590.92 |
| Sundry income, less sundry deductions..... | 4,218.38 | 1,705.46 |
| | <u>\$75,899.71</u> | <u>\$49,296.38</u> |
| Deduct: | | |
| Provision for depreciation of automobiles and trucks..... | \$ 6,009.02 | \$ 5,572.50 |
| Provision for depreciation of buildings, machinery and equipment..... | 34,000.00 | 30,000.00 |
| | <u>\$40,009.02</u> | <u>\$35,572.50</u> |
| NET PROFIT, before income taxes..... | \$35,890.69 | \$13,723.88 |
| Provision for income taxes..... | 11,908.84 | 4,803.36 |
| NET PROFIT FOR YEAR— | | |
| carried to Earned Surplus..... | <u>\$23,981.85</u> | <u>\$ 8,920.52</u> |

CONSOLIDATED EARNED SURPLUS ACCOUNT

December 31st, 1941

(With a comparative account for the year ended December 31st, 1940)

| | 1941 | 1940 |
|---|--------------------|--------------------|
| Balance at CREDIT—at beginning of year..... | \$53,849.94 | \$46,625.07 |
| Add: | | |
| Net profit for the year..... | \$23,981.85 | \$ 8,920.52 |
| Adjustment re 1940 taxes..... | 1,221.63 | |
| Net adjustments on life insurance..... | | 930.55 |
| | <u>\$25,203.48</u> | <u>\$ 9,851.07</u> |
| Deduct: | | |
| Dividend paid on Preferred stock..... | \$11,314.00 | \$ |
| Sundry adjustments re previous years..... | 711.00 | 94.98 |
| Net loss on disposal of fixed assets..... | | 2,531.22 |
| | <u>12,025.00</u> | <u>2,626.20</u> |
| Balance at CREDIT—at end of year..... | <u>\$67,028.42</u> | <u>53,849.94</u> |

CAPITAL SURPLUS ACCOUNT

December 31st, 1941

(With a comparative account for the year ended December 31st, 1940)

| | 1941 | 1940 |
|---|---------------------|---------------------|
| Balance at CREDIT—at beginning of year..... | \$244,220.71 | \$250,348.21 |
| Deduct: Loss on disposal of fixed assets..... | | 6,127.50 |
| Balance at CREDIT—at end of year..... | <u>\$244,220.71</u> | <u>\$244,220.71</u> |

LANGLEY'S LIMITED

BOARD OF DIRECTORS

S. R. MACKELLAR

| | |
|---------------|---------------|
| C. F. MAYES | B. N. BARRETT |
| S. G. BENNETT | G. H. HAND |

OFFICERS

S. R. MACKELLAR

President

| | |
|---------------------------------------|---------------------|
| C. F. MAYES | P. G. SHAY |
| Vice-President and General Manager | Secretary-Treasurer |

EXECUTIVE OFFICES

253 Spadina Road, Toronto

REGISTRAR AND TRANSFER AGENT

National Trust Co. Limited
Toronto 2, Ont.

RETEX Dry Cleaning

This famous and exclusive Langley process is MORE than just dry cleaning. All dirt and dust are removed, and stains individually "spotted" out with special care. But in addition, the "body" is restored to the fabric by a special infiltration of the original filling substances which most cleaning processes tend to remove. Result . . . a RENEWED body, smartness, freshness that makes the garment "look like new." Only RETEX cleaning does that!

A Rug-ged Shampoo!

Housewives who once submit their rugs to a Langley Rug Shampoo are so delighted with the result that they almost invariably make it a once-a-year routine. Economical prices take a big load off the shoulders at house-cleaning time.

Curtains and Drapes REVIVED

Langley's careful modern methods of cleaning curtains and drapes restore the sparkle and brilliance and return these "cranky" articles true to original measurements and square at the corners—a point every housewife will appreciate.

Furs Stored, Cleaned, Repaired

Langley's fur storage vaults are modern and capacious. They remove your garments from all danger of moths, dampness and dust. Expert inspection and a report on the condition of the article enable cleaning and repairs to be done if desired during the "idle" period, with the customary Langley expertness and at reasonable prices.

Langley Shareholders!
Be your own Customers!

Laundry Service for Men

Langley's give the same fine quality of work on laundering as you've been accustomed to on RETEX Dry Cleaning. Summer bachelors, who become acquainted with the Langley cash and carry service as a convenient solution of a seasonal laundering problem, make it a year-round habit.

Free Storage

Instead of allowing white flannels, light dresses and summer clothes to clutter up the domestic clothes closets, people are now sending them to Langley's. The moderate cleaning cost includes FREE storage during the winter—a money-saving service!

Evening Clothes

These need the extraordinary thoroughness of Langley's RETEX cleaning and pressing. Marks and stains on delicate and expensive fabrics are removed. Sparkle, freshness and smartness are put back into them.

Summer Storage of Winter Garments

Langley's capacious storage vaults are the best place to keep your winter garments . . . safeguarded against theft, moths and dampness. By having them cleaned, repaired and stored during the months when they are idle, you protect them and prolong their life. Charges for storage are moderate, and the garments are insured at your own valuation without extra charge.

Langley's
LIMITED

The following Langley Stores in Toronto and Hamilton are conveniently located:

CASH and CARRY STORES

Toronto

| | |
|--------------------------|----------------------------|
| 321 Bay Street | 982 Kingston Road |
| 14 Bloor Street East | 609 Mount Pleasant Road |
| 64 Bloor Street West | 471 Parliament Street |
| 977 Bloor Street West | 1500 Queen Street West |
| 2368 Bloor Street West | 2024 Queen Street East |
| 122A Carlton Street | 515 St. Clair Avenue West |
| 487½ Church Street | 1222 St. Clair Avenue West |
| 541 Danforth Avenue | 92½ Yonge Street |
| 1990 Danforth Avenue | 1475 Yonge Street |
| 2925 Dundas Street West | 2465 Yonge Street |
| 450 Eglinton Avenue West | 3404 Yonge Street |
| 393 Jane Street | 253 Spadina Road |

Hamilton

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

HEAD OFFICE

253 Spadina Road, Toronto

PLANTS

| | |
|------------------|----------------------|
| Toronto | Hamilton |
| 253 Spadina Road | 210 Main Street East |

Langley's
LIMITED

Printed in Canada