

Langley's
LIMITED

ANNUAL REPORT

For the year ended December 31st

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MCGILL UNIVERSITY

1942

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.

Langley's

LIMITED

TO THE SHAREHOLDERS:

The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and Surplus Accounts for the year ended 31st December, 1942, and report of your auditors, are submitted herewith.

Operating profit for the year before depreciation and taxes was \$85,789, which is an increase over the preceding year of \$9,890 or 13%, and an increase of \$36,493 or 74% over the year 1940.

Net profit was \$23,976, after providing \$14,050 for Federal taxes, compared with net profit of \$23,981 after taxes of \$11,908 for the previous year. As no decision has yet been made by the Board of Referees on the Company's claim for adjustment of the Standard Profits Base, the amount reserved for taxes is based on the acceptance of our claim.

The net profit was equivalent to \$4.23 per Preference share, compared to \$4.23 for 1941, \$1.58 for 1940 and a deficit for 1939.

The following is a comparison of earnings for the last four years:

	1942	1941	1940	1939
Net earnings before depreciation and income taxes.....	\$ 85,789.75	\$ 75,899.71	\$ 49,296.38	\$ 21,167.58
Less:				
Depreciation on fixed assets.....	39,077.00	34,000.00	30,000.00	25,000.00
Depreciation on automotive equipment.....	8,685.58	6,009.02	5,572.50	7,415.50
Provision for income taxes.....	14,050.49	11,908.84	4,803.36
Net Profit for the Year.....	\$ 23,976.68	\$ 23,981.85	\$ 8,920.52	*\$ 11,247.92
	*Deficit.			

And the following is a summary of the working capital position for the last four years:

	1942	1941	1940	1939
Cash and government bonds.....	\$106,454.71	\$114,118.09	\$119,664.84	\$ 89,970.38
Accounts receivable, cash surrender value of life insurance and inventories.....	175,711.02	125,780.88	107,798.56	104,272.46
Total Quick Assets.....	\$282,165.73	\$239,898.97	\$227,463.40	\$194,242.84
Current Liabilities.....	71,672.74	55,935.82	24,164.85	30,699.81
Net Working Capital.....	\$210,492.99	\$183,963.15	\$203,298.55	\$163,543.03

The upward trend of operating costs continued during 1942 despite the ceiling on prices introduced in 1941 by the Dominion Government. For example the "cost-of-living bonus" and "unemployment insurance"

items were approximately \$36,000 more than during 1941. Many other items of expense have been added to the cost of operations.

The year under review has been a difficult one. War regulations have forced major changes in the general policy of your Company. Among such changes have been the closing of the branch stores in Kingston, Belleville, Oshawa, Guelph, Galt and Kitchener. This resulted in a heavy loss of sales. Another wartime regulation which has had a serious effect on the volume is the curtailment of deliveries. Formerly we maintained a daily delivery service; now we are allowed to make only three per week.

During the past year improvement in location and styling of our Toronto stores was continued. Two stores were closed, three stores were renovated, and three new stores opened. Further changes such as these have been stopped, of necessity, until after the war.

The public patronized our stores to a greater extent than at any time in the past, partially because of the curtailment of delivery service. Since prices in the stores are lower than the call-and-delivery prices, the dollar volume of sales did not show the same increase as the physical volume, which was the largest in the history of the Company.

The Company's financial position continues excellent. Net working capital amounted to \$210,492.99, the highest since incorporation.

Your Directors felt that the earnings during 1942 warranted an additional dividend payment; consequently a dividend of \$1.00 was authorized and paid on 23rd February, 1943, on the Preferred shares. The usual 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, 1943, subject to the approval of the Foreign Exchange Control Board.

The Directors acknowledge the loyal and efficient support given by the executives and employees of the Company, and commend them for the results obtained under difficult and trying circumstances.

Submitted on behalf of the Board of Directors.

S. R. MACKELLAR,
President

March 10th, 1943

LANGLEY'S

(Incorporated under The

AND SUBS

CONSOLIDATED

December

(With comparative balances

ASSETS

CURRENT:	1942	1941
Cash on hand and in savings banks.....\$	6,604.71	\$ 64,268.09
Call loan (secured).....	25,000.00	25,000.00
Dominion of Canada bonds.....	74,850.00	24,850.00
Market value—Dec. 31st, 1942, \$74,903.00		
Accounts receivable, less reserve.....	16,395.35	20,266.97
Department of Munitions and Supply.....	38,217.87
Accrued storage charges and undelivered work.	37,763.31	32,071.30
Inventories of materials and supplies, as deter- mined and certified by the management and valued at the lower of cost or market....	50,979.65	41,678.40
Life insurance—cash surrender value.....	32,354.84	31,764.21
Paid-up value—Dec. 31st, 1942, \$48,938.90		
TOTAL CURRENT ASSETS.....\$	282,165.73	\$ 239,898.97
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.....	\$1,349,909.23	\$1,314,845.54
Less: Reserve for depreciation.....	494,192.03	447,073.37
	\$ 855,717.20	\$ 867,772.17
DEFERRED AND PREPAID:		
Insurance, etc.....\$	12,597.82	\$ 14,619.17
Expenditure on leasehold premises not yet written off.....	9,651.00	6,025.14
Expenditure on plant alterations not yet written off.....	11,865.00	13,560.00
	\$ 34,113.82	\$ 34,204.31
	<u>\$1,182,038.25</u>	<u>\$1,151,916.95</u>

AUDITORS' REPORT TO T

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, March 3rd, 1943

S LIMITED

(Ontario Companies Act)

SUBSIDIARIES

BALANCE SHEET

31st, 1942

as at December 31st, 1941)

LIABILITIES

CURRENT:	1942	1941
Bank overdraft.....	\$ 7,354.79	\$
Bank loan (secured).....	30,000.00
Accounts payable and accrued charges.....	26,592.39	41,811.98
Provision for income and excess profits taxes....	7,725.56	14,123.84
	<hr/>	<hr/>
	\$ 71,672.74	\$ 55,935.82

CAPITAL AND SURPLUS:

Capital:

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

Dec. 31st, 1942, \$280,021.50

Dec. 31st, 1941, 251,736.50)

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.....	81,412.80	67,028.42
	<hr/>	<hr/>
	\$1,110,365.51	\$1,095,981.13

\$1,182,038.25 \$1,151,916.95

THE SHAREHOLDERS

of its Subsidiaries for the year ended December 31st, 1942, and hereby certify that the annexed of the Companies' affairs as at December 31st, 1942, according to the best of our information and Preference dividends of Langley's Limited, amounting to \$280,021.50, 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, 1942

(With a comparative account for the year ended December 31st, 1941)

	1942	1941
Net profit from operations for the year, after charging directors' fees and before depreciation and income taxes.....	\$82,433.34	\$71,681.33
Sundry income, less sundry deductions.....	3,356.41	4,218.38
	<u>\$85,789.75</u>	<u>\$75,899.71</u>
Deduct:		
Provision for depreciation of automobiles and trucks.....	\$ 8,685.58	\$ 6,009.02
Provision for depreciation of buildings, machinery and equipment.....	39,077.00	34,000.00
	<u>\$47,762.58</u>	<u>\$40,009.02</u>
NET PROFIT, before income taxes.....	\$38,027.17	\$35,890.69
Provision for income taxes.....	14,050.49	11,908.84
NET PROFIT FOR YEAR—		
carried to Earned Surplus.....	<u>\$23,976.68</u>	<u>\$23,981.85</u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

December 31st, 1942

(With a comparative account for the year ended December 31st, 1941)

	1942	1941
Balance at CREDIT—at beginning of year.....	\$67,028.42	\$53,849.94
Add:		
Net profit for the year.....	\$23,976.68	\$23,981.85
Adjustment re taxes of previous year.....	1,337.80	1,221.63
Profit on disposal of fixed assets.....	383.90
	<u>\$25,698.38</u>	<u>\$25,203.48</u>
Deduct:		
Dividend paid on Preferred stock.....	\$11,314.00	\$11,314.00
Sundry adjustments re previous years.....	711.00
	<u>\$11,314.00</u>	<u>\$12,025.00</u>
Balance at CREDIT—at end of year.....	<u>\$81,412.80</u>	<u>\$67,028.42</u>

CAPITAL SURPLUS ACCOUNT

December 31st, 1942

(With a comparative account for the year ended December 31st, 1941)

	1942	1941
Balance at CREDIT—at beginning of year.....	\$244,220.71	\$244,220.71
Changes during year.....	nil	nil
Balance at CREDIT—at end of year.....	<u>\$244,220.71</u>	<u>\$244,220.71</u>

TORONTO

CASH and CARRY STORES

1200 Bay Street	982 Kingston Road
321 Bay Street	609 Mount Pleasant Road
14 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	175 Roncesvalles Avenue
487½ Church Street	515 St. Clair Avenue West
541 Danforth Avenue	1222 St. Clair Avenue West
1990 Danforth Avenue	92½ Yonge Street
2925 Dundas Street West	1475 Yonge Street
450 Eglinton Avenue West	2478 Yonge Street
393 Jane Street	3404 Yonge Street
253 Spadina Road	

HEAD OFFICE AND WORKS

253 Spadina Road, Toronto

Langley's
LIMITED

Members of
Langley's Limited
Who Have Volunteered for Active Service
with
Canada's Fighting Forces

ROBERT LAKE

BASIL MacDONALD

JACK SAGE

STANLEY YOUNG

LESLIE GOLDTHORP

DONALD G. SOUTER

WILLIAM CONTI

ALFRED LEWIS

JOHN ROXBOROUGH

WILLIAM SUTHERLAND

VIVIAN PADDON

ROBERT EKINS

EARL FREELAND

HENRY LOWTHER

EDWARD SMITH

W. W. PORTER

ALBERT SCRIVER

JAMES PORTER

MATTHEW BROWN

REGINALD PEARCE

EDWARD HIGGINS

CHARLES CURRY

ELMER DAME

LAWRENCE TENUTE

ERNEST MARSH

HAROLD HILTON

WILLIAM KENWELL

JAMES G. SOUTER

EDWARD McKERNAN

DOUGLAS ROBB

