

Langley's
LIMITED

ANNUAL REPORT

For the year ended December 31st

1943

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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 4

REGISTRAR AND TRANSFER AGENT

National Trust Co. Limited

Toronto 1, 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, 1943, and report of your auditors, are submitted herewith. These reports include figures for the Hamilton branch of the business for the two months of January and February only, which is fully detailed later.

Operating profit for the year before depreciation was \$36,168, compared with \$85,789, before depreciation and taxes, for the preceding year.

Net results show a loss of \$1,378.49, although a profit of approximately \$2,500 before taxes would have resulted if earnings for the last ten months of 1943 from the Hamilton subsidiary were included.

The Company continues in a strong financial position, as shown by the following summary of the working capital position for the last four years:

	1943	1942	1941	1940
Cash and government bonds.....	\$123,290	\$106,454	\$114,118	\$119,664
Accounts receivable, cash surrender value of life insurance, and inventories.....	141,874	175,711	125,780	107,798
Total Quick Assets	\$265,164	\$282,165	\$239,898	\$227,463
Current liabilities.....	32,359	71,672	55,935	24,164
Net Working Capital.....	\$232,805	\$210,492	\$183,963	\$203,298

During the year many complicated and urgent problems were met arising out of war conditions. Some of these problems have been common to all industry, but others are peculiar to our own business. On April 1st the Oil Controller issued an order rationing the supply of gasoline for trucks. This reduced our allowance to approximately 60% of former consumption. In May the National Selective Service Board announced the compulsory transfer of male labour from non-essential to essential industries, which was a serious blow to our industry. The combination of this resulted in the suspension of delivery service to private homes for a period of four months. During June the shortage of female labour became so acute that we were forced to turn to part-time help. This change required the employment of two part-time operators to replace each former full-time worker, and necessitated the constant training of new employees, which is a costly handicap to efficient production.

The loss of volume through curtailment of the delivery service caused a reduction in the average price received per unit of dry cleaning. In 1941 the average price was 82.76 cents compared to 80.90 cents for 1943. With Langley's physical volume of business this means a serious drop in dollar sales. Curtailment of delivery service has forced many customers to use our branch stores, where cleaning prices are 10 cents lower.

Mention was made in a previous report of a contract received from the Department of Munitions and Supply. This contract was completed last August. When our tender was accepted in 1942, officials of the Department intimated the work would continue for the duration of the war. We regret to report the contract was not renewed, as the Department decided their requirements had been filled. Our method of handling this contract was highly satisfactory to the Government.

Prior to March 1943 our business in Hamilton was operated as a branch. Work was brought to Toronto by our trucks, cleaned in the Toronto plant, returned and finished in the Hamilton plant. For some time it had been felt advisable to install dry-cleaning equipment to permit the whole operation to be completed in Hamilton, and it was planned to do this during the post-war period. However, the probability of further restrictions on motor transport, the necessity of replacing the branch manager, and the difficulty of procuring dry-cleaning equipment forced an earlier decision. Your management purchased the National Cleaners, as a result of which a new company was formed and is now operating as "Langley's of Hamilton Limited." This new company combined the Hamilton assets and business of Langley's Limited (with the exception of the building at 687 King Street East) and the assets and business of National Cleaners. Langley's Limited (Toronto) owns a majority interest in the new company. This arrangement permits the work to be cleaned in the former National Cleaners plant and finished in the Langley Hamilton plant.

Langley's of Hamilton Limited took over the first of March, 1943, so two months' earnings only of the Hamilton branch of the business appear in our statement of this year. Participation of earnings from this source henceforth will be through dividend payments from Langley's of Hamilton Limited to Langley's Limited.

In accordance with our stated policy of liquidating assets which are not essential for the operations of the Company, the property located at 687 King Street East, Hamilton, was sold some weeks ago at a satisfactory price. The property located in the central downtown district of Kitchener will be sold when the opportunity presents itself. This property has been leased for the last three years at an annual rental of \$1 to the Canadian Red Cross, who have established a Blood Donors' Clinic in the building.

Your Directors have postponed declaration of a dividend. When the earnings for the first half of the year are known, consideration will be given to a resumption of dividend payments.

Your Directors wish to record their special appreciation to the executive during a year of unusual conditions and their thanks to the employees for their loyal support to the affairs of the Company.

On behalf of the Board,

S. R. MACKELLAR,
President

March 8th, 1944

LANGLEY'S

(Incorporated under The
AND SUB
CONSOLIDATED

December

(With comparative balance

ASSETS

CURRENT:	1943	1942
Cash on hand and in banks.....	\$ 23,290.93	\$ 6,604.71
Call loan (secured).....		25,000.00
Dominion of Canada bonds.....	100,000.00	74,850.00
Market value, Dec. 31st, 1943, \$100,062.50		
Accounts receivable, less reserve.....	9,462.94	16,395.35
Department of Munitions and Supply.....		38,217.87
Langley's of Hamilton Limited.....	14,604.30	
Accrued storage charges and undelivered work.....	40,708.58	37,763.31
Inventories of materials and supplies, as determined and certified by the management and valued at the lower of cost or market....	44,124.05	50,979.65
Life insurance—cash surrender value.....	32,973.71	32,354.84
Paid-up value, Dec. 31st, 1943, \$49,004.72		
TOTAL CURRENT ASSETS.....	\$ 265,164.51	\$ 282,165.73
INVESTMENT in Langley's of Hamilton Limited.....	\$ 125,000.00
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 subsequent additions at cost.....	\$1,197,102.92	\$1,349,909.23
Less: Reserve for depreciation.....	475,081.57	494,192.03
	\$ 722,021.35	\$ 855,717.20
DEFERRED AND PREPAID:		
Insurance, etc.....	\$ 5,011.22	\$ 12,597.82
Expend. on leasehold premises not yet written off.....	3,227.51	9,651.00
Expend. on plant alterations not yet written off.....	10,170.00	11,865.00
	\$ 18,408.73	\$ 34,113.82
	\$1,140,636.09	\$1,182,038.25

AUDITORS' REPORT TO

We beg to report that we have audited the books and accounts of your Company and the 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 certain assets have been sold to Langley's of Hamilton Limited for the sum of \$125,000.00 on this statement and not distributed among the appropriate accounts. No profit has been realized.

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

Toronto, February 26th, 1944

S LIMITED

(Ontario Companies Act)

SUBSIDIARIES

BALANCE SHEET

at 31st, 1943

as at December 31st, 1942)

LIABILITIES

CURRENT:	1943	1942
Current bank overdraft.....	\$	\$ 7,354.79
Bank loan (secured).....	30,000.00
Accounts payable and accrued charges.....	32,359.21	26,592.39
Provision for income and excess profits taxes.....	7,725.56
	<u>\$ 32,359.21</u>	<u>\$ 71,672.74</u>

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, 1943, \$302,649.50
Dec. 31st, 1942, 280,021.50)

Common—21,000 Common shares of no par value authorized; outstanding, 20,793 shares.....	219,032.00	219,032.00
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Capital Surplus Account.....	261,406.13	244,220.71
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Earned Surplus Account.....	62,138.75	81,412.80
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	<u>\$1,108,276.88</u>	<u>\$1,110,365.51</u>
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	<u>\$1,140,636.09</u>	<u>\$1,182,038.25</u>
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THE SHAREHOLDERS

and its Subsidiaries for the year ended December 31st, 1943, and hereby certify that the annexed of the Companies' affairs as at December 31st, 1943, according to the best of our information and at Preference dividends of Langley's Limited, amounting to \$302,649.50, are in arrears. 0.00. As all formalities have not been completed, this amount is shown under the caption "invest- n taken up for the period during which this subsidiary has been operating. 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, 1943

(With a comparative account for the year ended December 31st, 1942)

	1943	1942
Net profit from operations for the year, after charging directors' fees and before depreciation and income taxes.....	\$29,627.84	\$82,433.34
Sundry income, less sundry deductions.....	6,541.14	3,356.41
	<u>\$36,168.98</u>	<u>\$85,789.75</u>
Deduct:		
Provision for depreciation of automobiles and trucks.....	\$ 6,441.00	\$ 8,685.58
Provision for depreciation of buildings, machinery and equipment.....	31,106.47	39,077.00
	<u>\$37,547.47</u>	<u>\$47,762.58</u>
NET PROFIT or LOSS before income taxes.....	\$ 1,378.49	\$38,027.17
Provision for income taxes.....		14,050.49
NET PROFIT or LOSS for year— carried to Earned Surplus.....	<u>\$ 1,378.49</u>	<u>\$23,976.68</u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

December 31st, 1943

(With a comparative account for the year ended December 31st, 1942)

	1943	1942
Balance at CREDIT—at beginning of year.....	\$81,412.80	\$67,028.42
Add:		
Net profit for the year.....	\$	\$23,976.68
Adjustment re taxes of previous years.....		1,337.80
Profit on disposal of fixed assets or bonds.....	413.75	383.90
	<u>\$ 413.75</u>	<u>\$25,698.38</u>
Total to here.....	\$81,826.55	\$92,726.80
Deduct:		
Loss for the year.....	\$ 1,378.49	\$
Dividend paid on Preferred stock.....	16,971.00	11,314.00
Loss on disposal of fixed assets.....	1,338.31
	<u>\$19,687.80</u>	<u>\$11,314.00</u>
Balance at CREDIT—at end of year.....	<u>\$62,138.75</u>	<u>\$81,412.80</u>

CAPITAL SURPLUS ACCOUNT

December 31st, 1943

(With a comparative account for the year ended December 31st, 1942)

	1943	1942
Balance at CREDIT—at beginning of year.....	\$244,220.71	\$244,220.71
Add: Surplus on transfer of fixed assets to Langley's of Hamilton Limited.....	17,185.42
Balance at CREDIT—at end of year.....	<u>\$261,406.13</u>	<u>\$244,220.71</u>

T O R O N T O

CASH and CARRY STORES

1200 Bay Street	609 Mount Pleasant Road
321 Bay Street	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
376 College Street	1222 St. Clair Avenue West
541 Danforth Avenue	92½ Yonge Street
1990 Danforth Avenue	757 Yonge Street
2925 Dundas Street West	1475 Yonge Street
450 Eglinton Avenue West	2478 Yonge Street
393 Jane Street	3404 Yonge Street
982 Kingston Road	253 Spadina Road

HEAD OFFICE AND WORKS

253 Spadina Road, Toronto 4

Langley's
LIMITED

Members of
Langley's Limited

*Who Have Volunteered for Active Service
with
Canada's Fighting Forces*



MATTHEW BROWN
DONALD BURGESS
NORMA BURKE
DONALD BURNS
FRED CARTER
DORIS CLARKE
LORRAINE CLEMENSON
WILLIAM CONTI
CHARLES CURRY
ELMER DAME
RAE EGO
WILLIAM EGO
ROBERT EAKINS
PERCY FOSTER
EARL FREELAND
LESLIE GOLDTHORP
EDWARD HIGGINS
HAROLD HILTON
WILLIAM KENWELL
ROBERT LAKE
ALFRED LEWIS
DORIS LOTTO
HENRY LOWTHER
BASIL McDONALD
ORVAL McKEOUGH

EDWARD McKERAN
ERNEST MARSH
VIVIAN PADDON
REGINALD PEARCE
ANNE PERRIN
JAMES PORTER
W. W. PORTER
YVONNE POWER
HELEN RENFREW
DOUGLAS ROBB
JOHN ROXBOROUGH
JACK SAGE
ALBERT SCRIVER
CHARLES SINGER
EDWARD SMITH
DONALD G. SOUTER
JAMES G. SOUTER
GEORGE SPEED
EMIL STANDNYK
ALBERT STEHLING
WILLIAM SUTHERLAND
LAWRENCE TENUTE
LEONARD TURNBULL
STANLEY YOUNG

