

Langley's
LIMITED

ANNUAL REPORT

For the year ended December 31st

1945

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McGILL UNIVERSITY

Langley's

LIMITED

DIRECTORS

S. R. MACKELLAR

C. F. MAYES

B. N. BARRETT

S. G. BENNETT

G. H. HAND

OFFICERS

President - - - - - S. R. MACKELLAR

Vice-President, General Manager and Secretary - C. F. MAYES

Treasurer - - - - - N. W. WHEATLEY

EXECUTIVE OFFICES

253 Spadina Road, Toronto 4

TRANSFER AGENT AND REGISTRAR

NATIONAL TRUST CO. LIMITED

Toronto 1, Ont.

Langley's

LIMITED

TO THE SHAREHOLDERS:

The seventeenth Annual Report showing the Balance Sheet, Profit and Loss Account, Surplus Accounts, and report of your auditors, for the year ended 31st December, 1945, are submitted herewith.

Operating profit for the year 1945 before depreciation was \$58,410.67, compared with \$12,742.65 before depreciation for the preceding year. Net profit was \$24,486.71, after providing \$185.96 for Federal taxes, compared with a loss of \$22,793.35 for the previous year.

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

	1945	1944	1943
Net earnings before depreciation and income taxes.....	\$ 58,410	\$ 12,742	\$ 36,168
Less:			
Depreciation on fixed assets.....	30,570	30,834	31,106
Depreciation on automotive equipment.....	3,168	4,702	6,441
Provision for income taxes.....	185
Net Profit for the Year.....	\$ 24,486	Def. \$ 22,793	Def. \$ 1,378
Earned per Preference share.....	\$4.33	Def. \$4.03	Def. \$0.24
Dividend paid per Preference share*.....	Nil	Nil	\$3.00

*\$3.00 has been declared payable during 1946.

And the following is a summary of the working capital position for the last three years, which shows a steadily improving position:

	1945	1944	1943
Cash and government bonds.....	\$224,045	\$144,962	\$123,290
Cash surrender value of life insurance.....	34,384	33,552	32,973
Accounts receivable and inventories.....	78,392	100,665	108,901
Total Quick Assets.....	\$336,821	\$279,179	\$265,164
Current liabilities.....	36,020	32,634	32,359
Net Working Capital.....	\$300,801	\$246,545	\$232,805

NOTE.—The above does not include the figures of the subsidiary company, Langley's of Hamilton Limited.

The termination of the war with Japan last August caused an easing of the labour situation which has been beneficial to your Company. For the first time in nearly three years, we were able to handle the volume of business currently offered and increase the number of employees in both the cleaning and laundry divisions. This larger volume, with the greater operating efficiency in the plant, because of changes made during the year, increased the

margin of profit. These overall improvements applied only to the last part of the year; therefore the Company should benefit to a proportionally greater extent during 1946.

Your management have made every effort to improve working conditions for the employees and now pay the highest scale of wage rates ever paid by the Company, although we have had a price ceiling for our services.

The volume of work handled by the laundry division is at its peak. To take care of an anticipated increase, additional finishing units have been ordered, with delivery promised for the summer months.

In accordance with our stated policy of liquidating non-operating assets, the property located in the central downtown district of Kitchener was sold last autumn. The expense of carrying this property has been borne by your Company since the store was closed in 1941, when we donated the use and occupancy to the Red Cross for a blood donor clinic. This sale completes our policy of liquidating idle assets.

Your Company opened one new store during the year under review. A number of new locations have been chosen and as soon as premises become available new stores will be opened. War conditions have held up our program of modernizing the store fronts, but this will be continued as soon as the necessary materials are available.

Langley's of Hamilton fiscal year ends 28th February, 1946. Present earning figures indicate the company will pay excess profits tax. No dividend will be paid to the parent Company this year, as it is planned to build an addition, which will give your Company the most modern cleaning plant in Hamilton.

Your Directors decided that the earnings of 1945 warranted dividend payments of \$3.00 on the Preference shares; a dividend of \$1 was paid on the 11th of January, 1946, and 50 cents will be paid on the 11th of March, June, September and December, 1946, subject to the approval of the Foreign Exchange Control Board.

Your Directors wish to record their appreciation of the loyalty and efficient services rendered by Mr. C. F. Mayes, Vice-President and General Manager, and the other officers and employees of the Company during the period under review.

Submitted on behalf of the Board of Directors.

S. R. MACKELLAR,
President

March 1st, 1946

LANGLEY'S

(Incorporated under The

AND SUBS

OTHER THAN LANGLEY'S OF HAMILTON

CONSOLIDATED

December

(With comparative balance

ASSETS

CURRENT:	1945	1944
Cash on hand and in banks.....	\$ 84,045.21	\$ 44,962.45
Dominion of Canada bonds..... (Market value Dec. 31st, 1945—\$141,380.00)	140,000.00	100,000.00
Accounts receivable, less reserve.....	16,848.24	16,918.40
Langley's of Hamilton Limited.....	4,212.00	15,475.16
Accrued storage charges and undelivered work.....	21,170.55	27,473.05
Inventories of materials and supplies, as determined and certified by the management and valued at the lower of cost or market.....	36,161.56	40,797.97
Life insurance—cash surrender value..... (Paid-up value Dec. 31st, 1945—\$49,481.27)	34,384.16	33,552.60
TOTAL CURRENT ASSETS.....	\$ 336,821.72	\$ 279,179.63
INVESTMENT in Langley's of Hamilton Limited.....	\$ 125,000.00	\$ 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 Company Limited, with subsequent additions at cost.....	\$1,111,755.20	\$1,171,978.97
Less: Reserve for depreciation.....	493,619.04	501,654.41
	\$ 618,136.16	\$ 670,324.56
DEFERRED AND PREPAID:		
Insurance, etc.....	\$ 5,957.34	\$ 5,240.47
Expend. on leasehold premises not yet written off.....	5,437.57	4,958.80
Expend. on plant alterations not yet written off....	24,543.36	16,653.55
	\$ 35,938.27	\$ 26,852.82
	\$1,125,937.65	\$1,111,398.51

AUDITORS' REPORT T

We beg to report that we have audited the books and accounts of your Company as at December 31, 1945, and hereby certify that the annexed Balance Sheet is, in our opinion, drawn up so as to be true and correct according to the best of our information and the explanations given us and as shown by the books and accounts amounting to \$381,847.50, are in arrears and that no profit has been taken up for Langley's

We certify that, further, all our requirements as auditors have been complied with.

Toronto, February 14th, 1946

S LIMITED

(Ontario Companies Act)

SUBSIDIARIES

Hamilton Limited SHOWN AS INVESTMENT

BALANCE SHEET

December 31st, 1945

(Assets as at December 31st, 1944)

	LIABILITIES	
CURRENT:	1945	1944
Accounts payable and accrued charges.....	\$ 35,834.38	\$ 32,634.39
Reserve for income and excess profits taxes.....	185.96
	<u>\$ 36,020.34</u>	<u>\$ 32,634.39</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
(Note.—7% cumulative dividends in arrears: December 31st, 1945—\$381,847.50 December 31st, 1944—\$342,248.50)		
Common—21,000 Common shares of no par value authorized; outstanding, 20,793 shares.....	219,032.00	219,032.00
Capital Surplus Account.....	239,689.96	254,499.22
Earned Surplus Account.....	65,495.35	39,532.90
	<u>\$1,089,917.31</u>	<u>\$1,078,764.12</u>
	<u>\$1,125,937.65</u>	<u>\$1,111,398.51</u>

STATEMENT OF THE SHAREHOLDERS

Hamilton Limited and its Subsidiaries other than Langley's of Hamilton Limited for the year ended December 31st, 1945, exhibit a true and correct view of the state of the Companies' affairs as at December 31st, 1945, as shown in the books of the Companies, subject to the fact that Preference dividends of Langley's Limited, a subsidiary of Hamilton Limited for the period during which this subsidiary has been operating.

WELCH, ANDERSON & COMPANY,
Chartered Accountants

LANGLEY'S LIMITED

(Incorporated under The Ontario Companies Act)

AND SUBSIDIARIES

OTHER THAN LANGLEY'S OF HAMILTON LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year Ended December 31st, 1945

(With a comparative account for the year ended December 31st, 1944)

	1945	1944
Net profit from operations for the year, after charging directors' fees and before depreciation and income taxes.....	\$53,064.89	\$ 9,125.23
Sundry income, less sundry deductions.....	5,345.78	3,617.42
	<u>\$58,410.67</u>	<u>\$12,742.65</u>
Deduct:		
Provision for depreciation of automobiles and trucks.....	\$ 3,168.00	\$ 4,702.00
Provision for depreciation of buildings, machinery and equipment.....	30,570.00	30,834.00
	<u>\$33,738.00</u>	<u>\$35,536.00</u>
NET PROFIT OR LOSS before income and excess profits taxes.....	\$24,672.67	-\$22,793.35
Provision for income and excess profits taxes.....	185.96
NET PROFIT OR LOSS for year— (carried to Earned Surplus).....	<u>\$24,486.71</u>	<u>-\$22,793.35</u>

CONSOLIDATED EARNED SURPLUS ACCOUNT

December 31st, 1945

(With a comparative account for the year ended December 31st, 1944)

	1945	1944
Balance at Credit—at beginning of year.....	\$39,532.90	\$62,138.75
Profit or loss for the year.....	\$24,486.71	-\$22,793.35
Add: Profit on disposal of fixed assets or bonds.....	1,475.74	187.50
	<u>\$25,962.45</u>	<u>-\$22,605.85</u>
Balance at Credit—at end of year.....	<u>\$65,495.35</u>	<u>\$39,532.90</u>

CAPITAL SURPLUS ACCOUNT

December 31st, 1945

(With a comparative account for the year ended December 31st, 1944)

	1945	1944
Balance at Credit—at beginning of year.....	\$254,499.22	\$261,406.13
Deduct: Adjustment on sale of fixed assets.....	14,809.26	6,906.91
Balance at Credit—at end of year.....	<u>\$239,689.96</u>	<u>\$254,499.22</u>

T O R O N T O

NEIGHBORHOOD STORES

1200 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	253 Spadina Road
376 College Street	515 St. Clair Avenue West
259 Coxwell Avenue	1222 St. Clair Avenue West
541 Danforth Avenue	14 Temperance Street
1990 Danforth Avenue	92½ Yonge Street
2925 Dundas Street West	757 Yonge Street
450 Eglinton Avenue West	1475 Yonge Street
982 Kingston Road	2478 Yonge Street
609 Mount Pleasant Road	3404 Yonge Street

HEAD OFFICE AND WORKS

253 Spadina Road, Toronto 4

Langley's
LIMITED

