

Langley's
LIMITED

ANNUAL REPORT

For the year ended December 31st

1946

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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 and General Manager - - - - C. F. MAYES

Secretary-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:

Your Directors present herewith a statement of the affairs and financial position of your Company for the fiscal year ended 31st December, 1946, with the report thereon of your auditors.

These statements cover our first year of post-war operations. The earnings before taxes for the year amounted to \$39,638.92, in comparison with \$24,672.67 in the previous year. These are the largest earnings before taxes realized by your Company since 1931. The following summary shows the comparative results for the past four fiscal years:

	1946	1945	1944	1943
Net earnings before depreciation and income taxes.....	\$71,078	\$58,410	\$12,742	\$36,168
Less:				
Depreciation on fixed assets.....	30,865	30,570	30,834	31,106
Depreciation on automotive equipment.....	575	3,168	4,702	6,441
Net Profit before income taxes.....	\$39,638	\$24,672	*\$22,793	*\$ 1,378
Provision for income taxes.....	15,273	† 185
Net Profit for the Year.....	\$24,364	\$24,486	*\$22,793	*\$ 1,378

*Deficit

†The explanation of this low tax charge is that the company was allowed to deduct the 1944 loss from 1945 profits before computing income taxes.

The following is a summary of the working capital position for the last three years, which shows a still further improvement:

	1946	1945	1944
Cash and government bonds.....	\$203,280	\$224,045	\$144,962
Cash surrender value of life insurance.....	35,370	34,384	33,552
Accounts receivable and inventories.....	118,300	78,392	100,665
Total Quick Assets.....	\$356,950	\$336,821	\$279,179
Current Liabilities.....	37,878	36,020	32,634
	\$319,072	\$300,801	\$246,545

NOTE.—The above does not include the assets, liabilities or earnings of the subsidiary company, Langley's of Hamilton Limited.

Following the termination of the war with Japan in August 1945, an easing of labour supply took place, which was immediately beneficial to our Company. We therefore have been able to handle the largest number of units and gross dollar volume of business in the history of the Company.

Two new stores have been opened in Toronto during this winter, which should help to increase the volume of business. Additional stores will be opened when premises are available in carefully selected locations.

The standard profits of your Company were determined last year by the Board of Referees.

Langley's of Hamilton Limited handled during their fiscal year ending 22nd February, 1947, the largest volume of business since Langley's first opened in Hamilton. Preliminary figures indicate net earnings after taxes of approximately \$7,732. A dividend of \$5.00 per share was declared on the 1,335 outstanding shares, from which Langley's received \$6,250.00. Early last year your Directors realized that it would be necessary to enlarge our capacity in Hamilton. Certain city by-laws completely prohibited extensions to the Main Street East plant, and it was therefore decided to close that property and move to an entirely new location in the manufacturing area. A most satisfactory site was obtained at the corner of Dundurn Street South and Home-wood Avenue. The existing buildings on this new property were remodeled—additions made, and the whole installed with the most advanced type of equipment. The new plant provides an increase in capacity of 50 per cent, and there is vacant land for further expansion when necessary. This plant went into operation on 24th February last. The Main Street property was sold for a satisfactory cash price.

Your Directors have declared a dividend of \$5.00 on the Preference shares, from the 1946 earnings, to be paid during 1947. The first payment of \$2 was made on the 11th of February, and \$3.00 (75 cents quarterly) will be paid on the 11th of March, June, September and December, 1947, subject to the approval of the Foreign Exchange Control Board.

Your Directors wish to record their appreciation of the loyal and efficient service rendered by the officers during the year and to extend to the employees their sincere thanks for their support and co-operation which have contributed so materially to the successful operation of your Company.

Submitted on behalf of the Board.

S. R. MACKELLAR,
President

March 31st, 1947

LANGLEY'S

(Incorporated under The

AND SUBS

OTHER THAN LANGLEY'S OF HAMILT

CONSOLIDATED

December

(With comparative balance

ASSETS	1946	1945
CURRENT:	\$	\$
Cash on hand and in banks.....	53,280.48	84,045.21
Dominion of Canada bonds..... (Market value December 31, 1946—\$150,900.00)	150,000.00	140,000.00
Accounts receivable, less reserve.....	11,817.58	16,848.24
Langley's of Hamilton Limited.....	44,872.50	4,212.00
Undelivered work at plant and stores.....	24,693.50	21,170.55
Inventories of materials and supplies as deter- mined and certified by the management and valued at the lower of cost or market.....	36,916.12	36,161.56
Life insurance—cash surrender value..... (Paid-up value December 31, 1946—\$50,110.27)	35,370.47	34,384.16
TOTAL CURRENT ASSETS.....	356,950.65	336,821.72
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.....	1,114,423.91	1,111,755.20
Less: Reserve for depreciation.....	508,225.79	493,619.04
	606,198.12	618,136.16
DEFERRED AND PREPAID:		
Insurance, etc.....	5,929.04	5,957.34
Expend. on leasehold premises not yet written off.	6,388.04	5,437.57
Expend. on plant alterations not yet written off.	33,832.32	24,543.36
	46,149.40	35,938.27
	1,144,339.67	1,125,937.65

AUDITORS' REPORT TO

We beg to report that we have audited the books and accounts of your Company and subsidiary for the year ended December 31, 1946, and hereby certify that the annexed Balance Sheet is, in our opinion, drawn up so as to show a true and correct view of the financial position of your Company and subsidiary at the end of 1946, according to the best of our information and the explanations given us and as shown by the books and accounts of your Company and subsidiary amounting to \$404,475.50, are in arrears and that no profit, other than dividends declared and received by your Company and subsidiary has been operating.

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

Toronto, March 5th, 1947

S LIMITED

(Ontario Companies Act)

SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31ST, 1946 BALANCE SHEET

December 31st, 1946

(Assets as at December 31st, 1945)

	1946	1945
LIABILITIES		
CURRENT:		
Accounts payable and accrued charges.....	\$ 32,594.10	\$ 35,834.38
Reserve for income and excess profits taxes.....	5,283.97	185.96
	<hr/>	<hr/>
	37,878.07	36,020.34
	<hr/>	<hr/>
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, 1946—\$404,475.50 December 31st, 1945—\$381,847.50)		
Common—21,000 Common shares of no par value authorized; 20,793 shares outstanding.....	219,032.00	219,032.00
Capital Surplus Account.....	239,689.96	239,689.96
Earned Surplus Account.....	82,039.64	65,495.35
	<hr/>	<hr/>
	1,106,461.60	1,089,917.31
	<hr/>	<hr/>
	<u>1,144,339.67</u>	<u>1,125,937.65</u>

STATEMENT OF THE SHAREHOLDERS

and its Subsidiaries other than Langley's of Hamilton Limited for the year ended December 31st, 1946, to exhibit a true and correct view of the state of the Companies' affairs as at December 31st, 1946, in the books of the Companies, subject to the fact that Preference dividends of Langley's Limited, not yet paid, has been taken up for Langley's of Hamilton Limited for the period during which this

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, 1946

(With a comparative account for the year ended December 31st, 1945)

	1946	1945
	\$	\$
Net profit from operations for year, after charging directors' fees, and before depreciation and income taxes.....	65,849.76	53,064.89
Sundry income.....	5,229.16	5,345.78
	<u>71,078.92</u>	<u>58,410.67</u>
Deduct:		
Provision for depreciation of automobiles and trucks.....	575.00	3,168.00
Provision for depreciation of buildings, machinery and equipment.....	30,865.00	30,570.00
	<u>31,440.00</u>	<u>33,738.00</u>
NET PROFIT—before income and excess profits taxes.....	39,638.92	24,672.67
Provision for income and excess profits taxes.....	15,273.97	185.96
NET PROFIT for year.....	<u>24,364.95</u>	<u>24,486.71</u>
(Carried to Earned Surplus)		

CONSOLIDATED EARNED SURPLUS ACCOUNT

December 31st, 1946

(With a comparative account for the year ended December 31st, 1945)

Balance at CREDIT—at beginning of year.....	65,495.35	39,532.90
Add:		
Net profit for the year.....	24,364.95	24,486.71
Dividend Langley's of Hamilton Limited.....	6,250.00
Net adjustment on disposal of fixed assets or bonds.....	2,905.99	1,475.74
	<u>33,520.94</u>	<u>25,962.45</u>
TOTAL.....	99,016.29	65,495.35
Deduct:		
Preferred stock dividend paid.....	16,971.00
Sundry adjustments re prior years.....	5.65
	<u>16,976.65</u>
Balance at CREDIT—at end of year.....	<u>82,039.64</u>	<u>65,495.35</u>

CAPITAL SURPLUS ACCOUNT

December 31st, 1946

(With a comparative account for the year ended December 31st, 1945)

Balance at CREDIT—at beginning of year.....	239,689.96	254,499.22
Deduct: Adjustment on sale of fixed assets.....	14,809.26
Balance at CREDIT—at end of year.....	<u>239,689.96</u>	<u>239,689.96</u>

TORONTO

NEIGHBORHOOD STORES

1200 Bay Street	609 Mount Pleasant Road
597 Bayview Avenue	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
415 Donlands Avenue	757 Yonge Street
2925 Dundas Street West	1475 Yonge Street
450 Eglinton Avenue West	2478 Yonge Street
982 Kingston Road	3404 Yonge Street

HEAD OFFICE AND WORKS

253 Spadina Road, Toronto 4

Langley's
LIMITED

